

NATION'S BUSINESS



AUGUST • 1936

The Unfinished Business of the New Deal

By Mark Sullivan

Prices are Wiser than Men

An interview with Benjamin M. Anderson, Jr.

Staging Plays for Window Shoppers

By Marylynn King

275,000 NET PAID CIRCULATION

**PUBLISHED BY THE CHAMBER OF COMMERCE OF
THE UNITED STATES • WASHINGTON**

OVERSEAS TELEPHONE RATES REDUCED



Reduced week-day rates for telephone calls to Europe, South America, Central America, Hawaii, Philippine Islands and the Caribbean Islands are now in effect. There are also new Sunday rates to these same countries.

This is the third reduction in Overseas telephone rates since 1927—and service has been constantly improved. The cost of a three-minute telephone call from New York to London or Paris, for example, is now only \$21 during week-days and \$15 at night or on Sunday. (See the rate table at the right.)

NEW OVERSEAS RATES

NEW YORK to	Previous Week-day Rate	New Week-day Rate	New Sunday Rate
London	\$30	\$21	\$15
Paris	30	21	15
Buenos Aires	30	21	15
Rio de Janeiro	30	21	15
Berlin	33	24	18
Honolulu	30	24	19.50
Manila	39	30	24
Panama City	21	12	9
San Juan, Puerto Rico	18	12	9
Guatemala	21	12	9
Bogota, Colombia	24	15	10.50

• Night rates (5 P.M. to 5 A.M.) are also in effect to European points and are the same as the Sunday rates.

Just call Long Distance and ask for the Overseas operator.

• Above rates effective from most cities on the Atlantic seaboard. Rates from other points in the United States vary according to the distance involved.

The new Overseas telephone rates bring offices abroad closer to headquarters—make it still easier to deal directly, personally, with foreign representatives or customers.



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THAT'S WHY MORE FLEET OWNERS EVERY DAY ARE SWITCHING TO PLYMOUTH



HERE'S THE RECORD! State government fleets using Plymouth cars have bought 600% more Plymouths than last year. Insurance companies and large milk distributors have increased the Plymouths in their fleets by 1000% and 700% respectively.

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Plymouth is engineered to stand up...to operate at lower cost. Study the list of exclusive Plymouth economy features...compare "All Three" low-

priced cars. You'll find only Plymouth has both a Safety-Steel Body and double-action Hydraulic Brakes.

Find out how much this big 1936 Plymouth will lower your transportation costs. "Look at All Three" before buying cars for business or personal use. Any Chrysler, Dodge or DeSoto dealer will give you details. PLYMOUTH DIVISION OF CHRYSLER CORP.

\$510

AND UP, LIST AT FACTORY, DETROIT
SPECIAL EQUIPMENT EXTRA

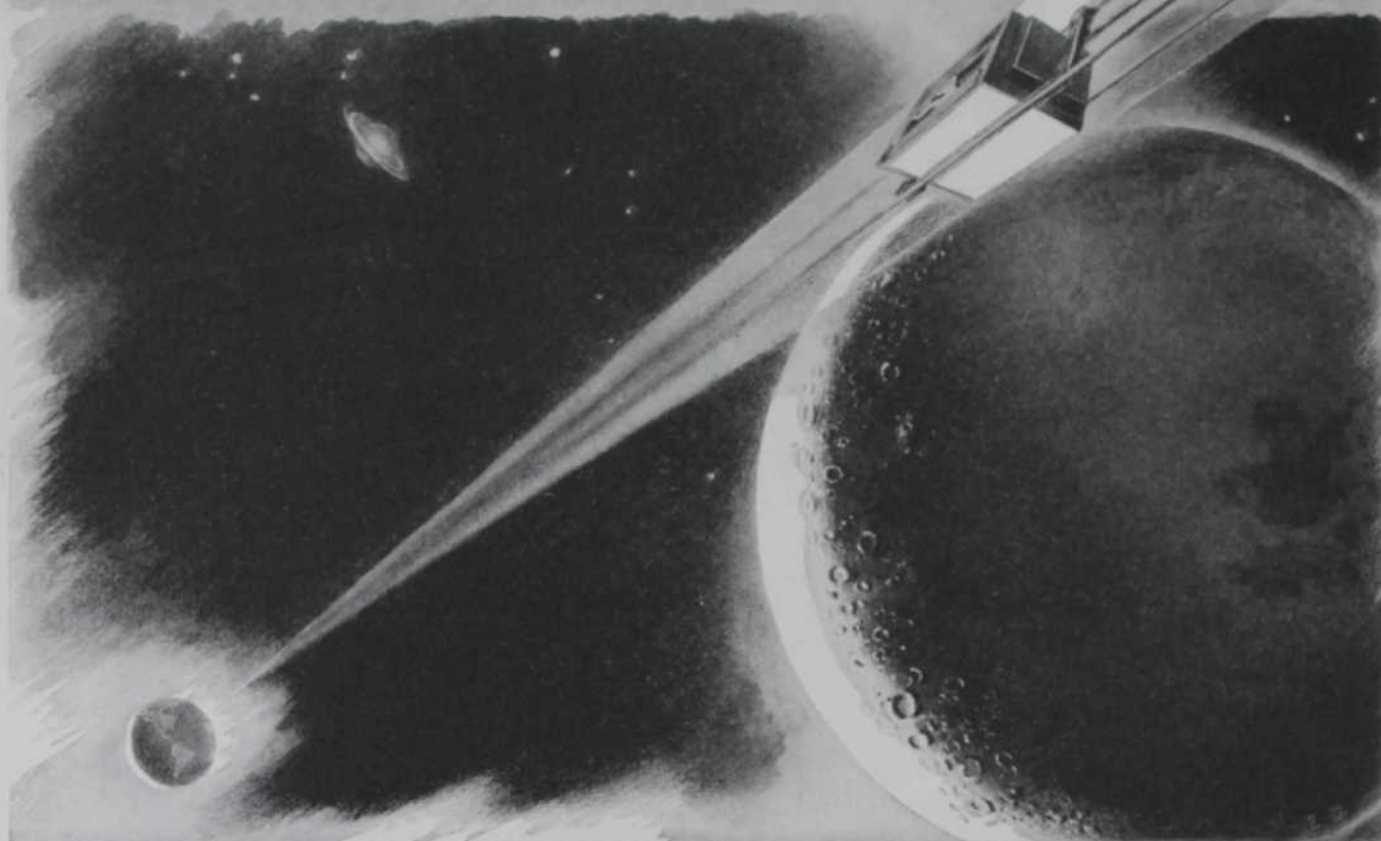


DOUBLE-ACTION HYDRAULIC BRAKES make driving easier and safer...reduce the expense of frequent adjustments.

PLYMOUTH BUILDS GREAT CARS

"Unforeseen events...

so often change and shape the course of man's affairs"



A TRIP TO THE MOON EVERY DAY!

SPEEDILY, comfortably, *safely*, U. S. elevators travel 250,000 miles, *straight up and down*, every working day...enough to land you on a lunar mountain top, with thousands of miles to spare! As you read this, thousands of people are suspended in elevator cages...their lives hanging by the cable that supports the cab. But with them rides an Invisible Guardian.

In Maryland-insured elevators your guardian is the Maryland Safety Engineer who inspects every part of the complex operating and signal mechanisms to see that they are in proper working condition.

Maryland's protection against unforeseen events

which might involve serious liability to the public riding their elevators is enjoyed by building operators in seven countries. Their equipment is examined regularly by Maryland engineers specially trained in vertical transportation.

The high place occupied by the Maryland in this work exemplifies the Company's standing throughout the broad field of safety engineering. Maryland elevator liability insurance, carrying with it inspections to assure utmost safety, is available through 10,000 agents in every state in the union, in Alaska, Canada, Cuba, Puerto Rico, the Canal Zone and Hawaii.

THE MARYLAND

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NEW LOW PRICE

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WATER COOLER

**15¢ A DAY
BUYS IT!**

as little as

**2¢ A DAY
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Buy it Now, for Year 'Round Convenience and Economy

● Put a stop, once and for all, to the uncertain temperatures, the muss and bother, and endless expense of old-fashioned water-cooling methods. This new, low price Frigidaire Water Cooler gives you an abundant supply of cool, refreshing water at a cost that is unbelievably low. 15c a day buys it . . . as little as 2c a day runs it. Solves your water-cooling problem all year 'round. Provides cool, refreshing drinks — not ice-cold or lukewarm, but always just the right temperature, for health and real thirst-quenching satisfaction.

It offers revolutionary features of design, operation and economy never before available at such a low price . . . Unusual sanitary provisions, outstanding advantages of convenience and

construction, and low-cost cooling by the famous Meter-Miser cold-making unit. Made for either bottled water or city pressure connection. Handsome design, bronze Duco finish.

For General and Private Offices, Reception Rooms, Show Rooms, etc. Get full details and descriptive folder. See your local Frigidaire dealer or write, Frigidaire Corporation, Dept. 66-8, Dayton, Ohio.



**DRINK MORE WATER! FOR BETTER HEALTH
—GREATER EFFICIENCY**

Why CAST IRON is the standard for water mains

The following tabulation shows the percentage of cast iron pipe used in the water distribution systems of the 15 largest cities in the United States as reported in 1935 by their Water Departments.

CITY	PERCENTAGE
New York	97.2
Chicago	100.0
Philadelphia	98.3
Detroit	98.7
Los Angeles	74.0
Cleveland	98.9
St. Louis	98.7
Baltimore	99.7
Boston	99.8
Pittsburgh	97.9
San Francisco	76.8
Milwaukee	100.0
Buffalo	99.8
Washington D.C.	98.8
Minneapolis	95.8

When New York City engineers uncovered this 105-year-old cast iron water main to cut in a new valve, their comment was "that pipe looks good enough to last another hundred years."

IT serves longest—costs less per service year—costs little to maintain. Those are the reasons why cast iron pipe is the standard material used almost exclusively for the water distribution mains of our 15 largest cities. In these cities the average age of the oldest cast iron pipe in service is 86 years.

Cast iron pipe has by far the longest life of any material practicable for water mains—a fact known by all water works engineers and by the public whom they serve.

Cast iron is the standard material for water mains the world over. Its useful life is *more than a century* because it effectively resists rust. It is the one ferrous metal pipe for water or gas mains or sewer construction that will not disintegrate from rust. Available in diameters from 1¼ to 84 inches.

For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1011 Peoples Gas Bldg., Chicago, Illinois.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS

QUESTIONS our readers are asking:

- 1 • WHY is it possible continually to stir up prejudice against business men?
ANSWER ON PAGE 13
- 2 • WHAT further reform measures may business expect to become law?
ON PAGE 15
- 3 • WHAT legislation is now in the making that will transfer control over all capital from private hands to the Government?
ON PAGE 17
- 4 • WHAT are the essential elements of good window display?
ON PAGE 18
- 5 • IS the internal A. F. of L. trouble a battle between men or principles?
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- 6 • WHAT was the first effect of the anti-chain store law on independents?
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- 7 • HOW many businesses will be affected by the new law that requires a 40 hour week and provides for a minimum wage scale?
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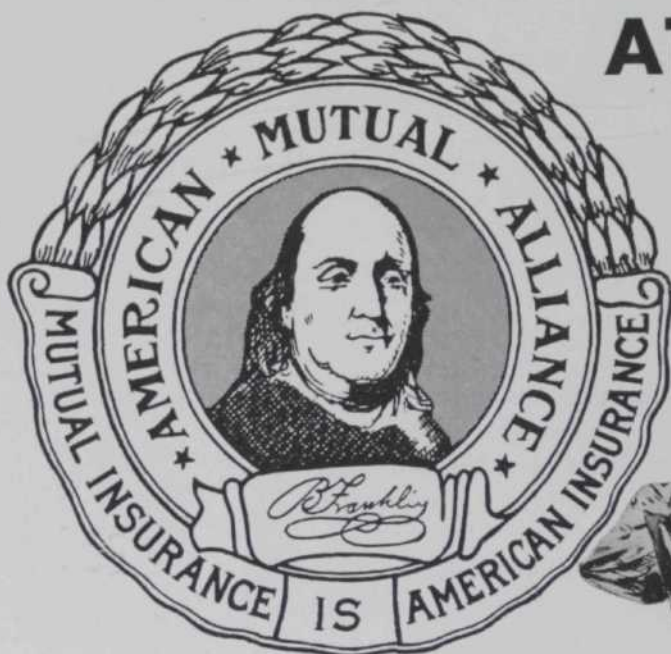
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THIS 184 YEAR OLD MUTUAL PLAN

Gives Sound Insurance Protection
AT LOWER COST



This seal identifies a member company of The Federation of Mutual Fire Insurance Companies and the American Mutual Alliance. It is a symbol of soundness and stability.



LIKE many another every-day problem, the subject of insurance has become involved in a lot of words—but that doesn't mean that it's hard to understand. Certainly Mutual fire insurance is easy to understand.

The original idea was to establish a common fund by contribution. Then, if a house of a contributor burned down, his losses were paid from this fund. And when the end of the year came around . . . after the costs were paid and the necessary reserves set up . . . the rest of the fund was returned to those who had contributed to it.

Directly out of this beginning grew *Mutual* fire insurance as it is today.

Simple then . . . and simple now. Its only aim is to provide the *best protection* at the *least expense* for the policyholders. This sound objective is achieved through the greatest care in selecting risks, by active and intelligent fire prevention work and by conservative and economical management.

Write for our free booklet entitled "Mutual Fire Insurance." Address the Federation of Mutual Fire Insurance Companies, 919 North Michigan Avenue, Chicago, Illinois.

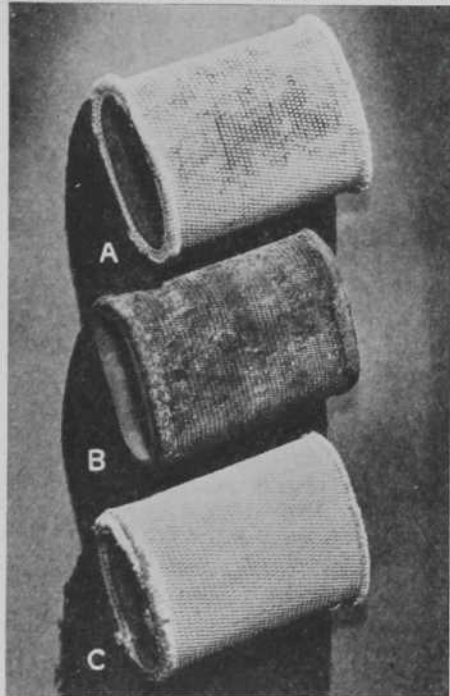
MUTUAL FIRE INSURANCE

An American Institution

NEW PROCESS

PROTECTS
Republic
FIRE HOSE

AGAINST MILDEW



A—Not processed for mildew protection.

B—Processed for mildew protection by a competitor.

C—PROVAR PROCESSED Republic Fire Hose—no sign of mildew.

Unretouched photo showing results after samples were saturated with water and exposed to moist atmosphere for six months.

* * *

★ Republic announces the PROVAR PROCESS—an exclusive method of treating the cotton jackets of fire hose for protection against the destructive action of mildew—far outstripping any previous effort in that direction by any manufacturer.

The PROVAR PROCESS will be applied, when ordered, to any grade of Republic Fire Hose without additional cost.

**THE REPUBLIC
RUBBER COMPANY**

YOUNGSTOWN, OHIO

Leadership

IN POLICY, PRODUCT AND PERFORMANCE

**Order Republic Rubber Products
From Your Distributor**

Through the EDITOR'S SPECS

A partner betrayed?

A GOOD DEAL more will be said between now and election time about "the royalists of the economic order." Business men who have devotedly done their part to lift the country out of the depression know that the imputation of arrogant indifference to the common welfare is as undeserved as it is gratuitous. To the everlasting credit of American business it can and should be said that in the main it was not only willing but eager to enlist in the cause of recovery "for the duration of the war."

That what it understood to be an invitation to cooperate developed into coercion is no fault to be laid at its door. Any one who knew Washington when it was under the spell of inspired NRA ballyhoo knows how quickly the volunteer spirit of trade and industry was chilled with the bureaucratic urge toward compulsion and reprisal. It takes no stretch of memory to recall the beginning of the authoritarian rash which still speckles the body politic.

To the business man who saw his partnership with Government interpreted with the robust lingo of "crackdown" commissars, the mention of "economic tyranny" can only seem a grim perversion of the realities. In the bright lexicon of politics, "royalist" may signify a promotion in odium from "tory."

No holidays for pilots

THE RASH of summer forums has broken out in academic halls throughout the land. While programs regularly disclose a heavy weighting of professorial intellectuals, an occasional business man is no stranger to the round table and the lecture platform. A University man in charge recently complained that it was difficult to get business men to appear on the program, and that it was easy to obtain the "professional" type of critic. Isn't the answer that to the business man such assignments are avocational, while they are the stock in trade of writers and lecturers, teachers and politicians?

However much a business man might like to speak his mind on topics of the times, opportunity must wait on responsibility as well as invitation. Business is never "out" in the sense of school terms. It may be "dull" or "quiet" in the parlance of the ticker, but it has to keep on keeping on or it goes off the books. The plain truth is that there is no recognized season when business can close its doors, prepare a speech, pack up and go a-visiting for an exchange of views with other citizens—and return with the assurance that the wheels will still be turning. Not that it is a good thing, but merely to state the record, the public has a perverse way of translating "leave of absence" in the business world to read "under new management."

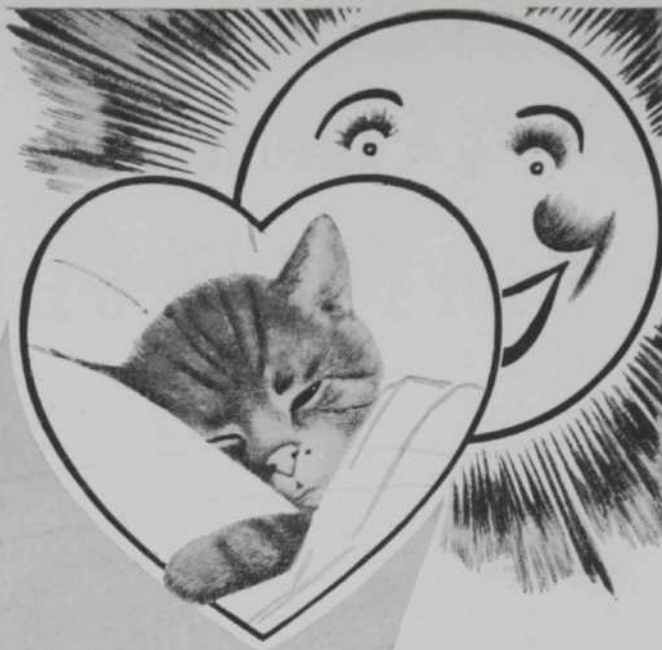
Easy come, easy go

ONCE a spendthrift, always a spendthrift goes for Congresses, as well as men. An outlay of ten billion dollars in the first session of the Seventy-Fourth Congress had only a brief tenure as a record breaker. The second session rolled up an even taller total by a margin of \$136,000,000. So the "twenty billion dollar Congress" goes down on the books, the members go on the hustings, and the people dig deeper into their pockets to pay the public pipers.

Where the shovel becomes the ruling symbol of regard for the national treasury, there can be no cause for astonishment that the Congressional swan song should end on a note of taxation. As the country's bewilderment waxes in contemplation of the monstrosity which began last year in the vindictive "soak-the-rich" idea, the reminder that tax bills kept two sessions of Congress in a lather of political discomfort is likely to seem poor compensation for its own ominous chills. That thrift and industry will be sorely penalized by the bill passed last June is an opinion well fortified with business experience.

Apart from the brake on recovery, the new tax legislation will not only fail to balance the budget but also introduce new and difficult complica-

Look!



A TOTAL SUMMER ECLIPSE

HERE'S a sure prediction about the weather on George Washington's Railroad during August:

Days will be cool—nights, too—because Chessie is due to eclipse Old Sol! Over the entire length of the Chesapeake and Ohio Lines her comforting shadow will fall—and passengers on The George Washington will *Sleep Like a Kitten and Arrive*

Fresh as a Daisy. Witness the phenomena yourself the next time you take a trip. The ticket agent of any railroad can route you on the finest fleet of genuinely air-conditioned trains in the world! Insist upon it!

• • •

Visit the Chesapeake and Ohio miniature model railroad, the largest in the world, at the Steel Pier, Atlantic City—during August and September.

THE GEORGE WASHINGTON • THE SPORTSMAN • THE F.F.V.



George Washington's Railroad
CHESAPEAKE and OHIO
Lines

Original Predecessor Company Founded by George Washington in 1785

A-L-L A-B-O-A-R-D The George Washington! ST. LOUIS—Union Station; CHICAGO—12th Street Central Station; INDIANAPOLIS—Union Station; LOUISVILLE—Central Station; CINCINNATI—Union Terminal; WASHINGTON—Union Station; PHILADELPHIA—Pennsylvania R.R. Stations; NEW YORK—Pennsylvania Station.

tions in the nation's tax structure. Easy enough for Congress to put the bill under the door of the well-to-do and go home. When the citizen sees that nobody receives a public gift without giving up some of his own means, he will find that what the politicians told him was "other people's money" turns out to be his very own.

A footnote on wages

CLOSING of the Diamond shoe factory in Brockton, Massachusetts, turned on the question of wages. Too high, say company heads. Not so, contend union leaders—\$17.71 as against \$17.65 a week for the country at large, they assert. While the management and men are at odds, business in Brockton lags and city authorities fear the city's shoe industry may take a walk.

Diamond's yearly output was about 1,750,000 pairs of shoes. The shutdown throws 1,400 persons out of work, and will, if the shutdown is permanent, deprive the city of an annual pay roll of \$1,350,000, approximately one-fourth that paid by all shoe factories in the city. It is thought to presage a struggle between capital and labor that may seriously involve what remains of a once prosperous Massachusetts industry. Brockton's total payroll has been about \$8,849,000 a year. Of that figure, shoe concerns paid \$5,619,000 or 63 per cent.

Again the old riddles press for answer. What is a fair wage? What is a living wage? The meanings are as various as the men who give them. Now and then there are two persons in the world, a reader of human nature tells us, to whom a word means the same thing, but there are not two to whom fifty words mean the same.

Farmers plus and minus

SOMEWHERE in the statistical convolutions of government a million farmers have been lost. The Bureau of the Census says the farm population was 31,800,907 on January 1, 1935. The Bureau of Agricultural Economics says it was 32,779,000.

The rub of it is, say agricultural department officials, that for three years the New Dealers have been making over the nation's agriculture on the basis of BAE estimates. Now the whole job must be done over.

Theory and practice

HOW the workings of government affirm the limited powers theory is well defined in two addresses made in Rochester, New York, within a few hours of each other. Walter Lippmann,

commentator on public affairs, was addressing the graduating class of Rochester University. R. V. Fletcher, general counsel for the Association of American Railroads, was talking to members of the local Chamber.

(Said Mr. Lippmann:

... Governments are composed of men, not supermen, not geniuses, mere men, imperfectly educated, not wholly disinterested, with very limited wisdom. Such men can operate only a government of limited powers, and no greater delusion has ever cast its spell upon the human imagination than that a group of mortal men can plan the future of a society and direct the affairs of a whole civilization. It is the presumption of ignorance to believe that to attempt it is to take the road to ruin. For when governments attempt more than men with their abilities are fitted to do, the more they attempt, the worse they will do it. The men who said that this must be a Government of limited powers were men who understood mankind.)

Said Judge Fletcher:

Recently there has been manifested a disturbing tendency on the part of the [Interstate Commerce] Commission unduly to extend its activities and authority into fields which have been hitherto considered as belonging exclusively to the management. . . .

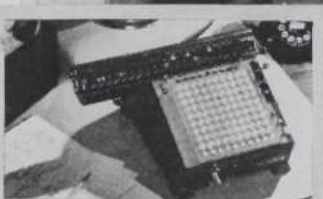
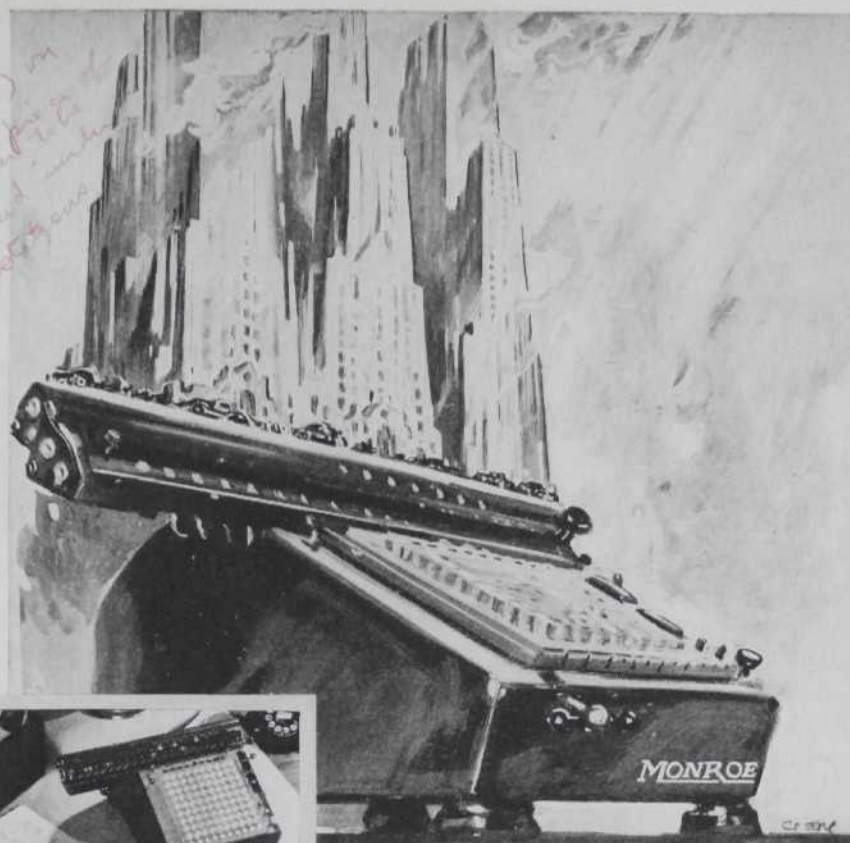
The fault was not with the individual who held the office [Federal Coordinator]; the trouble was that the whole theory of the Act has proven to be unsound. It is inconceivable that any man or group of men, however wise and patriotic, can undertake the management and administration of 250,000 miles of railroad, when the knowledge of these men is gained in the cloistered seclusion of a study or by a hasty and superficial examination of statistics.

Advertising in a hiring role

ALWAYS in position to qualify as the country's No. 1 salesman, advertising has turned up an impressive performance as jobmaker. In four weeks of a nationally advertised contest directed by the American Tobacco Company, the volume of responses made it necessary to add 450 full time workers to the pay roll, and hundreds more on part time. Increase in mail required 31 additional workers in the home office.

How other businesses benefited is suggested by representative items. More than 285,000 pounds of cardboard were used. The printing company which does most of the printing employed 39 more men and women besides adding new equipment. The mailing house handling replies has employed 390 more men and women, and rented 30,000 extra feet of space.

No need to labor the moral. Wherever business is activated by resourcefulness and forward decision, the inspiring stir is quickly communicated to other lines, to industries and workers so remote from the original generating force that they would be hard put to tell its source. Were business as selfish as its critics are



MONROE ADDING-CALCULATOR
Model LA-6 Portable, weighs only 10 pounds.
Completely automatic multiplication and division.

THE FOUNDATION OF BUSINESS FIGURING

Yet it takes no more desk space than a letterhead

Business is completely dependent on a steady, speedy flow of accurate figures. Monroe's entire function for twenty-four years has been to keep business figures moving simply, quickly, accurately, and at the lowest cost.

The expanded Monroe line includes among its 197 models a machine for every figuring need—adding-calculators, adding-listing and bookkeeping machines, check writers and signers. Every Monroe is compact for desk use, sturdy for years of service, yet light enough to carry from desk to desk.

"Velvet Touch" keyboard is an exclusive feature of every Monroe. The operation is feather-light, to take the strain from figuring, for 80% of all the work is on the keyboard. Whether you own one Monroe or a hundred, you are assured of uninterrupted figure production by the nation-wide service of 150 Monroe-owned branches from coast to coast. Try a "Velvet Touch" Monroe on your own figures. Call up the nearest Monroe branch or write to the factory. Send for a free copy of the booklet, "If Only I Could Work on Your Desk for an Hour."

MONROE CALCULATING MACHINE CO., Inc.
ORANGE, NEW JERSEY

LIGHTING Hollywood's chief industry is just one of the many uses of the electrical energy that flows through seven of these giant transformers.



HEIRS OF A DISTINGUISHED LINE

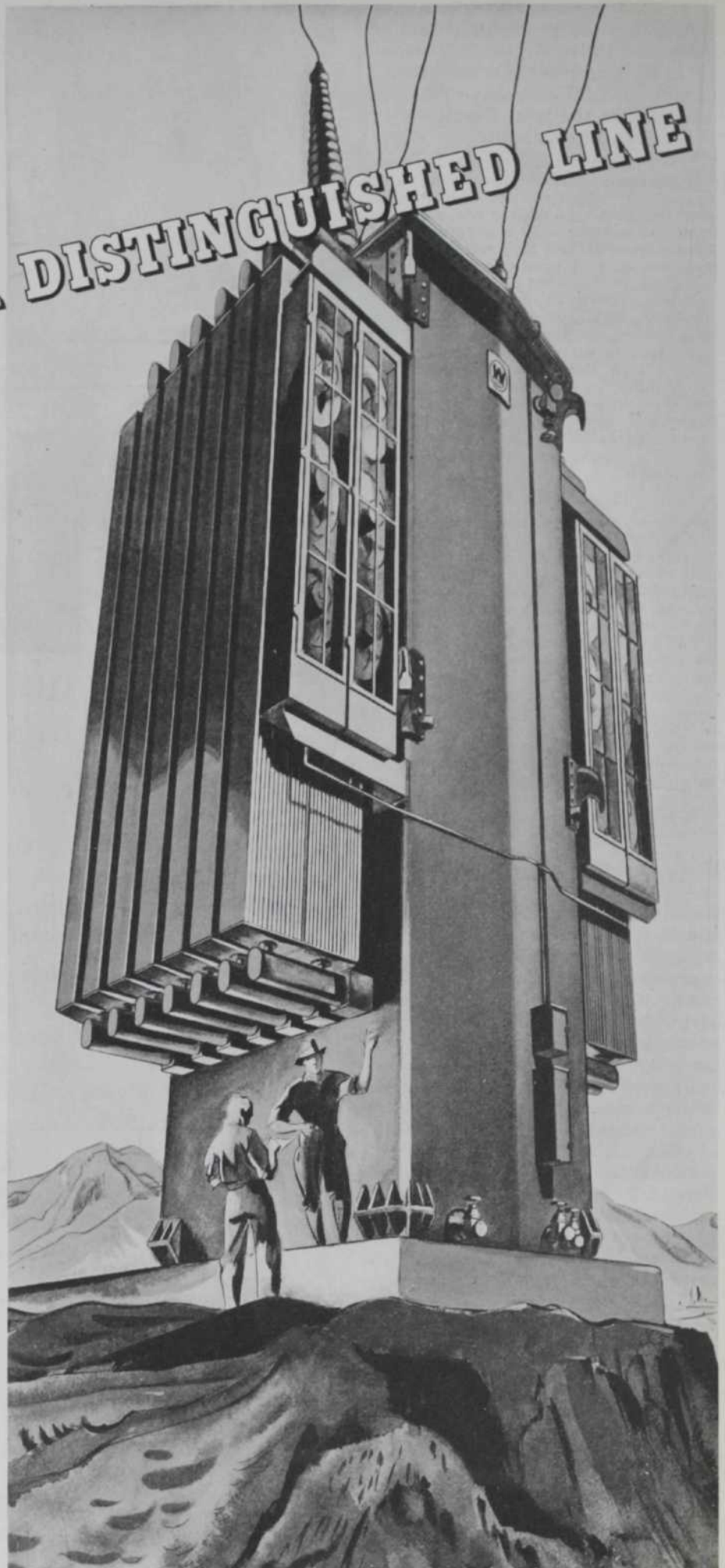
World's largest! Seven new single-phase power transformers...the largest ever built...stand at the receiving end of the Boulder Dam high-tension power line. Winding its serpentine course over 270 miles of blazing desert and mountain steep, this line carries current at 287,500 volts to the city of Los Angeles. There, that voltage is "stepped down" to 132,000 volts by means of these giant transformers...built by Westinghouse.

Each of them is equivalent in size to a pair of boxcars, standing on end, side by side. Each weighs 186 tons. Each has a rated capacity of 65,000 kv-a, with 80,000 kv-a possible to meet emergency peak demands of short duration.

Heirs of a distinguished line of power transformers, these latest marvels hark back to the first commercially successful transformer built and patented by Westinghouse in 1886. That contribution was the essential factor in the development of alternating current; formed the basis for cheap and efficient transmission of electrical energy. But it is only one of a long list of "firsts" in the evolution of electrical progress, over 50 years, which bear the Westinghouse autograph. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pennsylvania.



50 YEARS OF ACHIEVEMENT



fond of making it appear, it could not restrict the fruits of its enterprise to its own immediate interest. "Business is business" is a hoary maxim that misses the distinguishing dynamics of "business makes business."

Jobs for graduates

EXHORTED with ingenuity and emphasis to go out and get the world's ear, this year's grist from the colleges did better in the job market than any of the classes since 1929. Schools with 2,000 students or more, constituting about half of the nation's total enrollment, reported substantial gains in employment of graduates. Beginning salaries, many said, had risen from 10 per cent to 25 per cent above last year's levels.

Top rank in placements, as reported by the Investors Syndicate, went to specialists in business administration and engineering, with agriculturists in brisk demand. What of those who took courses in the "humanities," in the so-called liberal arts? Education is one man's bread and butter, another man's ornament. Bumper crops of graduates only underscore the old question "What is education?" A good deal of the commencement oratory confuses more than it confirms. Thomas Carlyle, thinking on vocations back in 1866, concluded that the first of all problems is for a man to find out what kind of work he is to do in this universe.

An elusive definition

CIVIL Service Commission officials are unable to define a "government employee."

They put the question to Federal personnel administrators and New Deal abecedarians, but no answer proved satisfactory, least of all that "any person on a government pay roll is a government employee."

More than 4,000,000 persons, from actors to wood hewers, are on the government pay roll, but less than 1,000,000 of these are government employees, according to a tentative, but confessedly inadequate, decision by the Commission.

Pending a better distinction, the Commission thinks, but is not sure, that "a government employee is a government worker entitled to a government pension." This puts out of the class of government employees members of Congress and the Judiciary and the 3,000,000 WPA and other "emergency" payrollers who think they are working for Uncle Sam.

The problem may be solved by giving boondogglers a retirement status.

A question of authority

HOW divergent a Federal court's

idea of a labor relations case and what the Public Works Administrator thought about it is revealed in his cancellation of a \$40,000 contract held by the Jones & Laughlin Steel Company of Pittsburgh. Cancellation was officially justified on the ground that the company had conducted a campaign of "systematic terrorism" against its workers who sought to affiliate with a union.

Just the day before the official order was issued the Fifth Circuit Court of Appeals had upheld the company in its refusal to heed the demand of the National Labor Relations Board to reinstate ten dismissed employees. The men said they were let out because of union activities. The company said they had broken rules. It denied charges of the Board and questioned its attitude that manufacturing is interstate commerce and thus subject to Congressional edict. When the Board's order was put to test, the court held that the Board had no jurisdiction over a dispute "touching manufacture."

That the Public Works Administrator took a different view his action affirms. Possibly the belief that the courts are open to business men, as well as other citizens, is too naïve for these authoritarian times. The thought of all business becoming the Government's business casts its own shadow of the totalitarian state.

Exercise for farmers

WHAT bureaucracy bestows on the suppliants for its benevolence is wonderful to behold. How the distressed farmers of Cheyenne County, Colorado, regard the gymnasium and swimming pool projects any one may guess.

By report of the New York *Sun*, news nousey for plain and fancy boondoggles, the county includes about 930 families and 625 farms in a region of baked prairie. Wind and water have had their reckless way with the land. Cultivation is as difficult as calamity seems easy. Apart from scheduled road improvements, the logic of rural rehabilitation in a country so abused by nature seems out of focus with Washington's political telescopes.

Possibly the soil erosion idea is exemplified in the bathing pool as individual irrigation projects become effective. Thought of the weather-beaten farmers finding joy in disporting themselves in the public waters raises its own question of the passing of the "ole swimmin' hole" with its natural privacy. All sentiment aside, the situation reported by the *Sun* may signify a trend. It may be, as Artemus Ward remarked, that farming has become a sedentary occupation.

AMAZING NEWS FOR YOU IN THIS . . . "NEWS REEL" OF A PROGRESSIVE BUSINESS



—See how the draftsmen save 25% to 40% of drafting time by using the Bruning Drafter—and do a better, more accurate job, too. Made in standard and civil engineers' models—leading machine of its kind.



—Now notice the pencil. It's the Mars-Lumograph, with unique ability to make a line that approaches an ink line in printing effectiveness. Think of the enormous amount of ink tracing this eliminates!



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100 on the speedometer—130° on the thermometer—hell on tires



Tests were made on stock non-skid tires such as you buy—not on specially-built smooth-treaded racing tires



No sign of failure—getting ready for another day's blistering grind

To serve the man who desires the safest tire money can buy, Goodyear *designedly* built this stunning new Double Eagle Airwheel* to give superlative protection against the most extreme tire hazards! And to prove it does just that we pitted it against the two most relentless enemies of tires—speed and heat—on Utah's Bonneville Salt Flats, the world's fastest speedway.

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Yet, with all its extra protection, this magnificent tire costs surprisingly little extra—a precious little that buys surety beyond price! Remember, its mission, like that of the new Goodyear Life Guard* Tube, is not to save money but to save life.

*Trade-mark Registered

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which lift the new Double Eagle Airwheel* above any tire Goodyear ever built

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- 4 Built throughout of special new heat-fighting compound that frees high-speed travel from tread-throwing risk.
- 5 Extra rubber "float" for every ply, new "rubber-rivet" breaker-strip anchorage, stronger bead.
- 6 Blowout protection because of patented SUPERTWIST cord in every ply, more resilient, more enduring than any other cord.
- 7 Flexible, easy-rolling casing without the tread stiffness common to heavy tires.
- 8 Built to strictest specifications in industry, in materials, workmanship, balance and inspection.

The Double Eagle

AIRWHEEL by

GOODYEAR

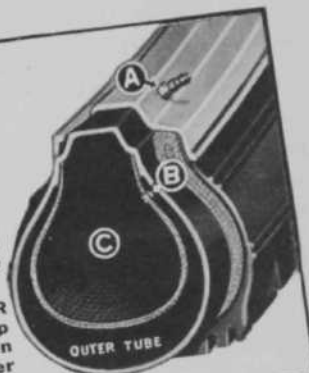
MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

GOOD YEAR LIFE GUARD TUBE

A Look for the yellow valve stem and blue cap

B LifeGuards* take a little longer to inflate because air passes gradually from "inner tire" to outer tube through this VENT HOLE

C On this two-ply "INNER TIRE" you ride to a stop with car under control, even though casing and outer tube blow wide open



The Price

IF THE American people really want to recover the business activity we once had—and advance it even to higher levels—they can do it. The price they must pay is not money, but something even more difficult to part with than money, namely, prejudices.

The real price of better times requires a revision of current states of mind. It exacts admission that the ability to stimulate trade is a peculiar and individual gift from Above, as is the ability to paint, preach, teach, or perform miracles in surgery. It necessitates conquest of the envy and distrust of the successful enterprisers. It defines a return to the old willingness to commend, rather than castigate as economic autocrats, those who serve the people well in producing and marketing things for their comfort and convenience, and who make more and more jobs by their own good works.

This price signifies the scrapping of a fond delusion, world-wide today, that political agencies can develop or stimulate wealth-producing enterprises which provide continuous employment for millions of hands and heads.

It is a deterring price because it is bitter medicine. But if the people are to resume their traditional progress which advanced this country to commercial and industrial firsts among all the countries of the world, the people must pay the price of an honest and sincere belief that the famed success of America was no happenstance.

The American way of life became articulate in the philosophy of 1776. It held that the individual was no longer to be the ward of political government; that rulers were to be restricted and limited in their power over, and supervision of, the individual. Three rights he was to have—economic freedom of action, opportunity for the exercise of that freedom, and, finally—the keystone of the arch—security in the having and holding of whatever he might acquire through his own effort.

This attitude of mind gave birth to the enterpriser.

The limitation of government activity occasioned little government expense. It left a large residue of earnings in the hands of the people, the wherewithal with which enterprisers could work.

So business activity was intensified, and new industries found fertile soil.

With authoritarian rule at the minimum, the people were free to use their vitality to the full. America asked no odds of destiny. With seven per cent of the earth's population it created and holds more than half the world's wealth, and, furthermore, has distributed it so widely that the condition of the average man here is a magnet for the nationals of 59 other countries.

The price we must pay for our onward march is to recognize these facts and conditions, and once again be unashamed of "the road we have come."

We shall have to leave the populous ranks of the soap-box school. We shall have to reread the pages of history. We shall have to make public confession that the market-place is mightier than the floor of the U. S. Senate; that two and two still make four, that water wets and fire burns. We shall have to acknowledge the old copy book maxims: that folly brings its own penalty; that good judgment brings its own reward; that there is no substitute for hard work since the Lord spoke to Adam; that there is no easy road through political magic.

If we do not "right about face," we shall continue in this welter of artificialities until the grasshoppers will have ravished the store of the ants and—rich man, poor man, beggar man, thief—all will enjoy the rigors of the long, hard winters of the other government-ridden nations of the world.

Truth is hard, variously say familiar proverbs. That it is mighty and will prevail is a belief among the basic faiths of all mankind.

Merce Thorne



THE GAUNTLET IS THROWN

Pictures and diagrams are doing great work in the world today. And they are becoming increasingly important in the promotion of business and education. Often they speak louder than words, for they may tell at a glance what could not possibly be conveyed without their aid. Pictures and diagrams are needed now as never before. Their use in stencil duplication is solely a development of ours. And it is an *unmatched* process. It has given the Mimeograph a greatly enlarged range of action. It has made possible the easy, inexpensive and rapid duplication of charts, maps, graphs, outline drawings, etc., together with hand-lettering, writing and typewriting. But best of all, it has opened new ways of doing forward work. For latest information write A. B. Dick Company, Chicago, or see your classified telephone directory for the local address.

M I M E O G R A P H



The Unfinished Business of the New Deal

BY MARK SULLIVAN

WHAT sort of government the people have is theirs to choose. The danger is, this observer believes, that they may take a road of unknown destination

LOOSELY, the term "New Deal" is commonly used to include everything the Roosevelt Administration has done, all the statutes passed, all the new mechanisms of government set up, all the fiscal measures, all the relief measures.

But many of these statutes and innovations are ordinary legislation, such as either party might propose at any time. Many, while novel, and while going much further than any older statutes, are mere regulatory measures, wholly consistent with the Constitution, with the American form of government, and with the familiar American system of society. To apply to these measures the term "New Deal" is a mere figure of speech.

The term is more accurately applied to that portion of the steps taken by the Roosevelt Administration which looks toward a new order of society—the steps in pursuance of the purpose which President Roosevelt and other New Dealers have frequently proclaimed. One of Mr. Roosevelt's phrases for it, used in his message to Congress January 4, 1935, is: "a new order . . . a new economic order rising out of the disintegration of the old."

It is of the New Deal in this sense of "a new economic order," that I here write. The aims of the present article are to inquire how far the movement toward a new order has gone, what is the present status of the transition, what are the impedi-

ments in its way, and what will be the ultimate form of the new society in America, assuming the movement goes on to success, assuming it is not reversed.

I tell it in terms of industry, for it is upon industry that the impact of the new order will first be felt; it is through transformation of industry and business that the change will be brought about.

Social changes are cumulative

IN a change of the sort attempted by the New Deal, in any transition from one order of society to another, the process is accompanied by, and controlled by, a kind of natural law. This rule of economic and social change has been put in words by Professor Lionel Robbins of the University of London, in his book, "The Great Depression." Professor Robbins is speaking specifically about the New Deal in America:

There is a sort of snowball tendency about this kind of interventionism which has no limit but complete control of all trade and industry. . . . Once governments start to control important branches of industry, if they are not willing at some point definitely to reverse their whole line of policy, there is no stop to this process short of complete socialism.

Because this natural law of social change is important to understand—because, indeed, it is impossible to grasp the present situation of America without understanding this law—

I repeat it. I repeat it in the words of an American economic authority, Dr. Virgil Jordan, formerly instructor in Economics at the University of Wisconsin, now head of the National Industrial Conference Board. Dr. Jordan is speaking in 1934 and he is speaking, as Professor Robbins is, specifically about the New Deal:

What is happening is not a question of anybody's intentions, but the logical consequence or inevitable effect of a series of measures or steps that may or may not be parts of a conscious or consistent program. . . . In such a process, once set in motion by powerful political forces, one thing leads inevitably to another and each step compels a successive step which carries us farther toward the end. . . . The fact is that we ourselves have set up, under the legislation that has been adopted and the agencies that have been established, an almost complete system of state socialism or federal capitalism in this country.

Because this natural law of economic and social change is of such vital concern to America, it is imperative that the country be familiar with it. And because the thing that is happening in America is so novel—indeed it is incredible to all of our people except those closely familiar with the technique of revolution—because of that, it seems to me I ought not to ask my readers to accept this law as authentic, even on such authority as that of Professor Robbins and Dr. Jordan, without first demonstrating it.

The most convincing demonstration—the proof that is most easily understood—is to be found in the history of one of the principal New Deal mechanisms, AAA. In the history of AAA can be seen the automatic, self-generating, self-enlarging nature of the process to which America is now subjected.

Institutions designed to take a country into a new social order, such as AAA and other New Deal institu-

tions in America, expand or floreate in somewhat the same manner as some familiar plants. They throw out tendrils, at some point the tendril touches the ground, there it sends down a new root; a new organism arises, duplicate of the first, which, again, sends out more tendrils. The process goes on until other plants within the area are killed. So does a new economic order, once set under way, kill off the old one.

Economic control spreads

THE genesis of AAA was a speech by Mr. Roosevelt during his campaign, on September 14, 1932, at Topeka, Kansas, in which he proposed "national planning for agriculture." The crops to which AAA was to be applied were to be four; they were called "basic agricultural commodities": wheat, cotton, corn (in the form of hogs), and tobacco. (While these four were named, I think it is accurate to say the expectation of Mr. Roosevelt's advisers on farming was that the control would be put upon only two crops, the two that are largely exported, cotton and wheat.

Let us now follow a few of the several lines along which AAA expanded, the tendrils it sent out, the new controls that sprang up.

AAA paid cotton raisers to reduce their acreage. The cotton raisers, finding this idle acreage on their hands, and having contracted not to raise cotton on it, put their minds on finding some other use for it. Many turned to peanuts. By this came a glut of peanuts. Those who had raised peanuts regularly, finding themselves oppressed by a new competition, asked that AAA, with its limitation of output, be applied to peanuts. On February 12, 1934, we find Secretary Wallace writing to Senator Harry F. Byrd of Virginia: "... In view of the reduction in cotton acreage now being effected in the peanut producing areas, we recognize it will be necessary to take definite steps to discourage undue expansion in peanut acreage." And so peanuts were added to the "basic agricultural commodities." That was the second step.

By this the Southern farmers were now limited as to both cotton and peanuts. Thereupon they turned their idle land into potatoes. Then came the third step. It was described by Senator Josiah W. Bailey of North Carolina: "Under the operation of the Crop Control Act [AAA], farmers have been driven from cotton, tobacco and peanut production, as well as other crops, and have gone into the production of potatoes." Consequently, Senator Bailey said: "It is an act of simple justice to give

the producer of potatoes some sort of protection against the operations of the other control acts." And so, in August 1935, AAA was extended to potatoes.

By this time the automatic self-expanding quality of Triple-A had become apparent. When the proposal to put potatoes under AAA was before the Senate, Mr. King of Utah said: "We may expect at the next session of Congress to find measures to bring other commodities under control—perhaps carrots and cabbages and lettuce and tomatoes and all kinds of fruits and vegetables."

Senator King was not humorous, he was serious; and he was right. By the time the Supreme Court put an end to the original AAA, it had spread until it controlled the production of more than 20 farm crops, fruits and vegetables, some nationally, others regionally.

Expansion over more and more crops was only one of the lines along which Triple-A spread. Vitally important, and vitally ominous to America, was the transition from voluntary control to compulsory. In the beginning, AAA was wholly voluntary (and hardly any one, I think, dreamed it would be otherwise). In the beginning, Triple-A said to cotton raisers, in effect: "Reduce your acreage of cotton and we will pay you certain cash benefits." The proposal was wholly voluntary. A cotton raiser could take the AAA money and reduce his acreage; or he could refuse the AAA money and plant what acreage he chose.

A considerable number chose the latter course. Seeing that the purpose of Triple-A was to raise the price of cotton, many farmers concluded to increase their acreage, on the gamble that a larger crop at the higher price which AAA's restriction ought to bring about, would be more profitable than to reduce their acreage and accept the cash that AAA offered. So many took this course that the net reduction in acreage was much less than AAA wanted.

Thereupon, within a year, the control was made compulsory. Each cotton raiser was required to plant not more than a limited quota which Washington imposed upon him. If he planted more than his quota, or if he was more diligent in cultivating his limited acreage than AAA thought he should be, or if beneficent nature indulgently gave him a larger yield than AAA expected, the farmer was penalized by a punitive tax, amounting to about half the value, on the surplus part of his crop.

Thus a first step which was voluntary compelled a second step which was compulsory. And very harshly compulsory. By the time potatoes

were reached, a little more than two years after the original Act, the compulsion was enforced by drastic criminal penalties. A farmer who tried to sell potatoes not raised within a government quota and under a government permit, or a farmer who tried to sell potatoes not bearing a government stamp or not packaged as the Government proscribed, was punishable in the criminal courts. Even a buyer of "bootleg" potatoes was similarly liable—this punishment of the buyer was more than had been attempted under national prohibition.

The automatic, self-enlarging quality of the process is at once so powerful and so insidious that those who in the beginning are appalled by it are later forced to accept it, indeed to ask for it. When it was first proposed to put compulsory control on cotton, Senator Josiah W. Bailey of North Carolina was horror-struck. "If this [cotton control] bill should pass Congress," he said, "and if the Supreme Court shall uphold it, I shall know that the end of all things has come in America. . . . I believe we have come to the crucial hour of decision. . . . It is going to be a free republic or it is going to be a socialistic, regimented communism; and if this legislation goes through, the latter will be indicated."

Forced to accept control

THAT was Senator Bailey in March, 1934. Within little more than a year Senator Bailey himself led in the Senate a proposal in favor of a potato control measure similar to the cotton one. No change had taken place in Senator Bailey's convictions. The change was an unwilling acceptance of a condition forced upon him. It was a case of men bitterly opposed to the first step being later obliged to accept all the steps.

It is not merely that AAA grew from voluntary to compulsory. It is not merely that it expanded from two crops to 20. Such a process, once under way, was bound to extend beyond the agriculture for which it was originally intended. It began to engulf all industry.

Because the processing tax on cotton made cotton goods more expensive, and therefore put a handicap upon them in the markets, it was necessary to put what was called a "compensating tax" on certain other products which compete with cotton. Compensating taxes were laid upon certain products of paper that compete with cotton; and upon jute because jute bags compete with cotton ones. About the time AAA came to an end it was proposed to put a compensating tax on silk and rayon.

From the experience with AAA we



"The Constitution was written as the code of a society of free individuals, and as a compact between states having sovereign powers. The principal unfinished business of the New Deal is to overcome the Constitution, or to get around it."

can safely say that once a Government puts limitation and control upon production of a raw material such as cotton, it must proceed to put corresponding limitations upon the manufacturer, the distributor and the retailer. Had AAA not been checked, it alone, without aid from any of the other New Deal innovations, would have carried America to a point at which the Government would have controlled everything.

In AAA we have been able to see in operation the natural law which accompanies transition from one economic order to another, the rule that the first step makes inevitable the second step, the second forces a third, and so on until the old order has disappeared and the new one is complete. The inevitability of the process can be foreseen by a few, by those who purposefully initiate it. They have only to set the machine in motion, and wait for it to produce its predestined product. But not even they are able fully to anticipate all the later steps; by the distance they went, or by the quickness with which they arrived, they surprised even some who were familiar with the technique of revolution.

Some little NRA's

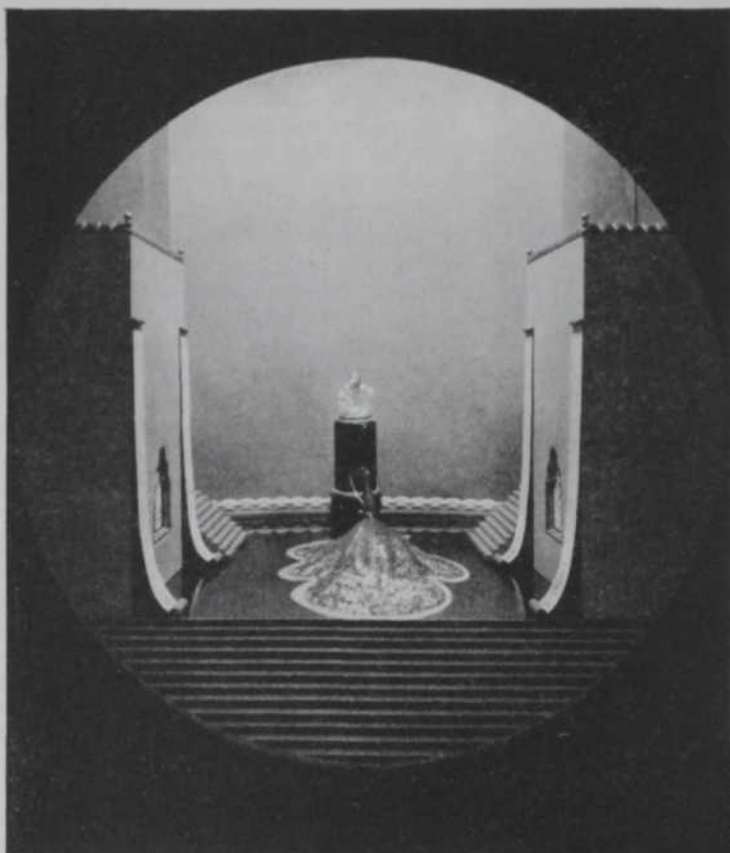
AAA we have seen. As to other innovations of the New Deal, we cannot foresee the full process, for only the first steps have been taken. But we can surmise what will follow in some cases. Some of the second steps and third steps we can predict because we can recognize them as inevitable; others we can predict because authoritative spokesmen within the New Deal have said they must come.

The Walsh-Healey Act, which takes effect in September, requires that all businesses having government contracts must practice hours and wage-rates for labor which the Government will prescribe. It will be found not practicable to impose these regulations on direct contractors unless they are also imposed on subcontractors, and this will follow. These contractors will find it not practicable to have one standard of hours and wages for workmen on government contracts, and another for workmen on private contracts. In this case, as in all cases, the rule of inevitable sequence will work. Either the imposition of hours and wages for government contracts must end, or it must spread to all business and industry of every kind. The Walsh-Healey Act is capable of expanding, by the process I have described, until it becomes a second NRA. So is the proposed new Guffey Coal bill.

The Guffey bill is capable of be-
(Continued on page 60)

Staging Plays

ALL the street's a stage and merchandise the actors when Bill Okie starts designing window displays. The world stops to look and frequently turns into the store to buy when it least expected to



BAYARD OKIE

If the merchandise is small, he reduces the size of the window

WILLIAM BAYARD OKIE is a shining example of the young man who successfully snapped his fingers at the advice of Horace Greeley. For Mr. Okie, or Bill as he is nationally known, was bright enough at a tender age to realize that life in America has changed considerably since that great populator of our far-flung frontiers started American youth surging westward to conquer.

Bill Okie came east and in a few years has blazed a trail and left his mark in the world of window display art as few people in the United States have succeeded in doing.

Curiosity, that insatiable yearning which lurks in the souls of human beings, that desire for peering into other people's windows, is the reason for this young man's phenomenal success. Plate glass, that barrier which separates people from the greener fields beyond, is the fence through which Mr. Okie works. With an impish delight he endows all of his displays with a touch of theatricalism and when show windows are turned into miniature stage settings, superlatively lighted, highly colored, and bearing a definite message, curiosity is bound to be assuaged.

Proof lies in the fact that Bill Okie's windows always have a crowd before them, Walter Winchell makes quips about them, display men try to imitate them, and young students in the art of display would no more consider their training complete without constantly running up and down Fifth Avenue to see what Bill Okie has been up to than they would try to paint without brushes. In



OLD MASTERS ASSOCIATES

And the reaction of passers-by was, "I'd like to be wearing that mink coat, riding in that limousine and going to the opera"

short, he's tops in the display world. His success is all the more remarkable because he has achieved it in such short time.

Starting out eight years ago with Marcus and Company, jewelers, he has remained loyal to them ever since. But he is loyal also to Dorothy Gray, Jaekel, and Cunard White Star. He does windows for all of them. No idea is repeated in any two of them but the Okie touches of fresh flowers, tiny figurines, subtle lighting, rich colorings, with now and then a spark of audacious humor, distinguish them as Okie's own. His preoccupation with settings in miniature is unique.

Bill, the son of Mr. and Mrs. William Bayard Okie, descended upon Fifth Avenue by way of South Orange, N. J. His father's business interest, advertising, attracted

for Window Shoppers

BY MARYLYNN KING

young Bill in no way whatsoever. But it did make him merchandise-conscious. Crossing the Hudson, he immediately imbued his selling ideas with a keen knowledge of showmanship. For him every window is a stage, every inanimate object an actor. His productions are always assured of an admiring audience.

Most of his success, he admits, lies in the fact that he has been completely untrammelled. Marcus has allowed him his own way, and if Bill Okie desires to, and does,

Mr. Okie, at one time, had a desire to be an actor. He was probably a good actor. He played leads. But he also fussed about with scenic designing. For a while he studied under Robert Van Rosen at the Master Institute of United Arts and his work was highly praised even then. There was also a period when he labored as assistant scenic designer at Famous Players Astoria studio. Occasionally he doubled in brass by abandoning scenic make-up for grease paint and playing bits.

Eventually the desire to work with his hands, play with color, and create miniature figures, caused the world to lose another possible Gable. He went to work for Mr. Marcus and it was here that he evolved his theory of cutting down the size of the window in scale with the size of the merchandise displayed. It is generally accepted that closing down a window theatricalizes lighting equipment. In this way he varies his stages with each presentation. And it was in Marcus' windows that he installed, for the first time in America, that highly successful novelty, invisible glass.

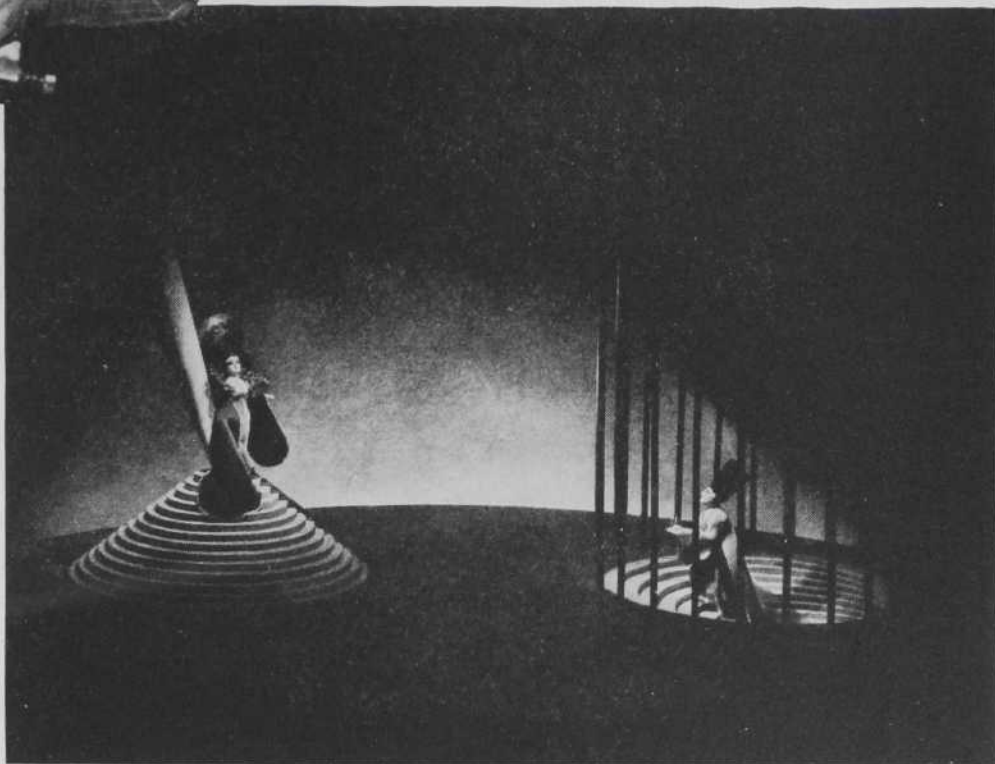
He is not one of those dark, ascetic, highly-strung individuals with whom we frequently associate work in miniature. He's six feet tall, weighs around 180, and is very, very blond. His energy and vitality are staggering. He gives the impression of working on a dozen projects at once, his mind constantly teeming with ideas. His body



William Bayard Okie
tries a new idea

show rubies spilling from the pulps of rich, red pomegranates, strikingly silhouetted against a blue Etruscan background, it is all right with Mr. Marcus. Where so many display artists fail, remarks this young genius, is in being forced to stifle any original ideas they have conceived under the yoke of routine orders from department store heads, assistant assistants, and the smoke of constant battle between the display and advertising budgets.

Fussing about with the Community Players of South and West Orange,



Catherine the Great and Orloff present the drama of a famous diamond in a window display which continued to hold attention for a month

is forever active. With quick, firm steps he moves about continually, gesticulating with his hands or suddenly clasping them as if fondling jewels, furs, or other of the materials with which he works. His boyish naïveté is delightful. He is not modest nor is he boastful. He is one of those rare creatures who is fully cognizant of his own worth, of his own accomplishments, and who expects and receives proper recompense for his talents.

Vague as to his personal life

THE last time I saw him he was wearing a blue shirt, blue trousers, red braces, and yards and yards of gauze bandage around his blond head. He imparted the information that for once he had been leaning out of a window instead of into one, and such curiosity had been his undoing. From sheer courtesy I neglected to inquire just what form of manna from heaven had fallen upon him. It might have been a champagne bottle. At any rate I am certain that, for once, it was not orchids.

He admits that the papers say he is married. He himself is conscientiously vague on the subject. Nor has he been incarcerated in any other species of jail although he had a narrow squeak a couple of summers ago. It seems that he and a colleague, returning from an evening gathering in Greenwich Village, came upon a mare, hitched to a baker's wagon, sitting forlornly on the curb outside the Brevoort. In a spirit of helpfulness and outraged dignity that a mare should publicly sit down, they assisted "Nellie" to her feet, climbed aboard the driver's seat and set off up Fifth Avenue, bound for nowhere in particular.

Jolting along, after much consideration, they decided to take their problem to "Reuben's" for a nice oat sandwich. "Reuben's" has always been famous for solving an early morning problem. Unfortunately for them, as soon as they reached their haven, "Nellie" again sank nonchalantly to the curb. A passing policeman was more outraged than they. He promptly escorted them to the Fifty-First Street station. It was some time before the baker's driver appeared and claimed "Nellie" with the remark that she always did like to sit down when she got tired. The resting spot made no difference to her.

The two Samaritans were let off with a warning, but many columnists and cartoonists played high, wide, and handsome in the newspapers with the

whole harmless affair. The story of it ran for several days.

But to get back to the serious side, all has not always been merry and bright. There was that time in Hartford, Conn., when the American Ballet put on "Serenade." Mr. Okie confesses wryly that it was notable only as a great failure as far as he was concerned. Due to slight miscalculations he had built his scenery on such a large scale that it was impossible to get it into the theater.

Since then he has concentrated solely upon window display and display ideas. The work which first brought him noticeably to the public's mind was the series of historical jewels. Do you think he put forth the wondrous stones against the conventional jeweler's velvet and let it go at that? Not at all. He dramatized the stones against settings of tiny costumed figures, spotlighted with theatrical, colored lights.

High on a little throne, in rich satins and laces, a figure of Catherine the Great was seated, accepting the great Orloff diamond from the kneeling Orloff. The arrangement stayed on display for a month attracting no end of attention. Next Mr. Okie launched forth into a tiny drama concerning the marvelous "Shah of Persia."

The venture was definitely a success. It was the first time the man on the street had been made conscious that a merchant's window might be used as more than a media for merchandise alone. The arresting little drama entertained. It satisfied. It stirred in the public's mind the appreciation that the merchant was offering not alone his products, but also his good will.

Mr. Okie believes that the institutionalized window must have four elements—basic design, color, texture, and lighting. Design because it satisfies man's sense of orderliness; color because life, even a picture of life, would be drab and dreary without it; texture, appropriate texture, to insure a blending of merchandise and

(Continued on page 76)



DANA S. MERRILL

"Oh, give me a home," etc.
A touch of the Wild West on
Fifth Avenue

You might not know
what the window con-
tained, but you would
stop to find out

Washington and Your Business

BY IRA E. BENNETT

Editor 1909-1934

"The Washington Post"

Dear Mac: What you tell me about mid-west sentiment agrees pretty well with what I can tell you about public opinion as it is sized up in Washington. That is, it isn't wise to be cocksure as to the outcome in November. Too many complex factors, too many cross-currents to warrant a prediction now.

There are only two men in the country who know just what's coming—Jim Farley and John Hamilton. One claims all the states for Roosevelt and the other claims 'em all for Landon. A good friend of the President had a chat with him not long ago. Mr. Roosevelt said in effect that he felt that he hadn't achieved much. The friend consoled him with this remark:

"Well, Mr. President, you've accomplished one great thing—you have reformed the Republican Party."

The New G. O. P.

THE G. O. P. certainly hit middle ground when it chose Cleveland for its meeting place—out where East meets West. It was quite a shock when the western platform, going east, collided with the eastern platform going west. With the exception of a few splinters the western platform went through unscathed. It's a different party, sure enough, that grapples with the New Deal in 1936.

The Four-Year Record

WHEN Congress adjourned on June 20 the New Deal record was completed. Four eventful sessions made the history by which President Roosevelt will be judged. By taking the achievements and failures of the four-year period and adding to them the more or less veiled intimations of what is in the President's mind we can form an estimate of what is in store if he should be re-elected with an obedient Congress behind him.

First and foremost, we are assured that he intends to drive forward with reforms which he believes will enable him to guide the people, protect them, and provide for their security. I find quite a lot of criticism of his acceptance speech, on the ground that it plainly implies that the people of the United States are unable to conduct their affairs. They must be placed under a guardian and receive benefits, protection, and security from a Government that knows how to manage their lives to the best advantage. If the blessings in view can't be accomplished within the Constitution, then the Constitution must be changed to enable the Government to proceed with its plans of reform.

Let Uncle Sam Do It

OF COURSE these criticisms come from rugged individualists who jeer at the failure of laws that were enacted by the New Deal. The people who mistrust their ability to paddle their own canoe seem to be ready to turn over the

job to the Government on the assurance that they will have employment of some kind, and an old age pension, whether they have earned it or not. The failure of laws that were to regulate industry, agriculture and labor doesn't seem to bother the devotees of paternalism.

Counting the Cost

UNCLE SAM isn't the only one who has a double cost-accounting system. New Dealers and anti-New Dealers diametrically disagree on this subject of cost of government.

One side everywhere holds the opinion which you say you find among New Dealers in your State—that is, that a new order of American life is in the making, which is to give every man assurance of a job, an old-age pension, and scientific management of his life so that he can't fail. The cost of the new order doesn't really matter, as compared with the benefits. Of course, some money was lost in experimenting, but what of it? The Government can afford to spend money in experiments if only it drives forward to achieve the new order.

The other side is appalled by the spending, which seems to get nowhere. The 74th Congress spent \$20,000,000,000. Debts, deficits and taxes are at a new high for all time. Anti-New Dealers say that taxes must be still higher, to wipe out the debt. They insist that reckless extravagance leads to ruin, and that the "new order" will be a back-breaking load upon the people as they struggle to recover.

I don't know what the majority are saying out your way, but I hear more criticism of "reckless extravagance" than of any other feature of the New Deal, with the possible exception of criticism of attempts to interfere with business enterprise. Throughout the business world there is fear of further bureaucratic usurpation of private rights and immunities.

Business men reason thus: "Give business confidence in the future and it will go ahead. It will give jobs to the unemployed. That will abolish these tremendous expenditures that call for crushing taxation. The country will go ahead if the Government confines itself to the strict business of governing and quits grabbing for power that belongs to the people."

Green and Lewis

THE labor situation is grave and the men whom I have talked with think it may get worse. It isn't a fight between the so-called industrial union (such as the United Mine Workers) and the craft union (such as the Brotherhood of Carpenters). The Federation has always included both kinds and probably always will. That's surface stuff. Underneath is John L. Lewis vs. William Green. Lewis is belligerent, always with a chip on his shoulder, believes that organized labor should be constantly in a ferment, should make itself felt. Green is different, thinks that "peace has its victories, etc.," that a fight isn't a good thing in itself, but if once you do find yourself in a fight, fight like Hell and fight to a finish. The difference between the two men may split the Federation in two, as I suggested to you last month.

I asked a man who's close to union policies and who is friendly how the situation looked to him. Said he:

"Bad, very bad. All over this country there are places

where real trouble may break out at any moment. Akron is one, Pittsburgh is another and there are more. On both sides they are watching and waiting and it takes very little to start a sort of civil war."

I hope he's wrong. You may not be old enough to remember the anarchy of Homestead, but I am.

Labor Wants More

YOU'D think and so would I that labor would be content with what has happened in the last four years. It isn't. It feels that Roosevelt the individual is still its friend, but Congress and the Supreme Court "trimmed 'em good." Organized labor thought it had reached its promised land in 1932, but not all the promises have been performed.

Take the Walsh-Healey Act. It was something but it wasn't nearly what the Federation hoped for. It relates to "the manufacture or furnishing" of materials in any amount exceeding \$10,000 to the Government. On such contracts the Secretary of Labor has authority to fix minimum wages, based upon the prevailing minimum wages paid for similar work in the locality, and hours not to exceed eight a day or 40 a week.

The Secretary is empowered to make rules and regulations for administering the law. Any contractor breaching these regulations may be penalized and deprived of government business for three years. The Secretary of Labor is authorized to appoint an administrator, attorneys, experts, and "such other employees as he may from time to time find necessary." Another great federal bureau!

These functionaries may investigate any contractor's establishment and require the production of books and papers and testimony under oath. Findings of fact by the Secretary are "conclusive upon all agencies of the United States," and decisions may be made by the Secretary upon such findings, to enforce the law.

Surety companies are worrying as they study this new law. Bidders on government work are required to attach a certified check or surety bond to their bids, and sometimes these guarantees cover large sums. The possibility that a contractor may run foul of the Department of Labor in the matter of working conditions is causing surety companies to hesitate before committing themselves. I could tell you more on this, Mac, but perhaps you would do better to read the article on page 24.

Business Sees Complications

BUSINESS is just beginning to realize the complications growing out of the Walsh-Healey and Robinson-Patman Bills.

Here's an extract from a mid-west manufacturer's letter:

"There seems to be considerable ambiguity as to whether or not subcontracts are affected by the bill. I have had legal opinion both ways. It is, of course, mighty essential that we get some first hand information from the Government itself, as to how they are going to interpret the bill."

Bulk of opinion is that subcontractors will not be affected by the bill but there'll be plenty of border line cases.

Manufacturers are considering splitting their business, one plant or part of a plant for government work at prevailing wages and 40-hour week, the other to run on private orders and at wages and hours to be fixed without government interference. Hard to think of that as feasible. Will a manufacturer who wants to deal with the Government have to devote himself to that alone or set up a separate corporation?

Best advice I could give a manufacturer is not to take the Healey Act too much to heart unless you deal direct with the Government.

Robinson Act and Prices

MY guess is that the Robinson-Patman Act with its restrictions on quantity discounts, advertising allowances and brokerage commissions will bother business much more than the Healey Act. Here's a manufacturer of children's rompers. He sells half his output to one big distributor and divides the rest among a dozen smaller outlets. He gives one price to his big customer and other prices to his others. That's lawful, but he must be prepared to show that the price to the big buyer is justified by his savings in production. If he can't show it, he may be in for damages.

One manufacturer who came to Washington the other day said he was going to give up one practice. He would no longer give one discount to wholesalers and a lesser one to retailers who buy the same amount. Afraid of a competitor's complaint. So in that way the Act intended to hit chain stores may help 'em and intended to help wholesalers may hurt 'em.

First result was that big food producers, Standard Brands, Libby, California Packing, etc., cut off all advertising allowances. Maybe business will welcome doing away with allowances.

Specimen question I hear: "I've had an agreement with a man (not a retailer) who uses my product that I'd give him a fixed price for a year no matter how big or little his order. Would I dare make such a contract in the future?"

Both these bills affecting every day business conduct are going to be under fire as to their constitutionality. Some of the diverse opinions on the Robinson-Patman Act are given on page 34.

There'll be plenty of news coming out of the Supreme Court this fall. TVA, Resettlement, Ship bill, these and others will have to be fought out in the courts.

Construction Is Better

ALMOST all the business indices continue to be gratifying. Very gratifying is the outlook for residential construction. Twice as many houses will be built in 1936 as were built in 1935 unless business slows much faster than any one now expects. And this in spite of the failure of the Congress to pass any sort of a housing bill. Senator Wagner's bill was whittled down to a skeleton but still it didn't get by.

A visiting contractor tells me that the Walsh-Healey Act dealing with government contracts is going to increase materially the cost of construction to the Government and that contractors including men who don't bid directly with Uncle Sam are cautious about their bids. Of course in the worst of the depression lots of work was taken at little profit or even a loss to keep plants open.

Railroad Fares

THE ICC gave out the other day the first month's figures for passenger revenues on the Eastern railroads under the new two cent basic fare. They showed for June a 5.9 increase over June of 1935. But, this increase is in gross and increased expenses may more than swallow it. Moreover, the Southern railroads increased passenger revenues 15 per cent and the Western went up by 20 per cent. So the increase seems to be out of line with the seasonal gain.

Prohibition Up Again

HOTEL and restaurant business is sounding an alarm over dry activities. Prohibition forces, they say, are fighting the sale of liquor not as a national issue, but as a local one. If those licensed to sell liquors permit their places of business to be annoying, they're asking for trouble. The

business man may not want ever to see nation-wide prohibition again, but he is zealous for the well-being of his community. Apparently the drys have learned a lesson on how to fight and the wets might well heed it. The number of dry communities is increasing.

Meanwhile we're making whisky four times as fast as we are drinking it. That may lead to price-cutting and further complicate the problem.

Motor Safety

GREATER safety in operating buses and trucks may be expected—hence greater safety for all motorists. The Motor Carriers division of Interstate Commerce Commission,

having jurisdiction over interstate motor carriers, has drawn up preliminary principles for insuring safety.

Rigid requirements as to drivers and thorough inspection of equipment are the chief principles to be embodied in detailed regulations.

Chemistry on the Farm

WHEN seven factories are built, at an investment of \$40,000,000, to develop one branch of a new industry developed by chemical skill, it's time to pay attention to what chemistry

is doing for the farm. These factories will turn out about 1500 tons of print and kraft paper per day. Raw material is pine timber.

Newspapers consumed 2,000,000 tons of paper last year, less than half of it manufactured in this country—and more than half of the raw material imported. An immense field here for development. It's estimated that 400,000 men eventually will be employed in paper-making.

Besides paper, chemistry is at work on power alcohol for motor fuel, vegetable fibre plants, plastics, new uses for cotton, tung oil, soy bean plastics and oil, starch from sweet potatoes, etc. Over \$50,000,000 is invested in new industries drawing upon the farm for factory uses.

Alcohol in Your Car

IN SPITE of oil company opposition, development of power alcohol is going on. A new factory at Atchison, Kan., will be turning out 10,000 gallons a day by Aug. 31. The prod-

uct is mixed with gasoline. The alcohol will be made from corn at first, but Jerusalem artichokes offer more promising yields of alcohol—say 250 gallons an acre, besides a lot of good stock feed.

The Dust Bowl

IF MONEY can do it, combined with government and community effort, dust will be held down in the great western bowl. Many experiments are going on, to find out the best method

of pinning down the soil. Research men in the government bureaus charged with this work tell me that the problem must be handled on a continental scale, because the great plains and vast windstorms are no respecters of state boundaries.

List plowing, terracing, and plant coverage are the three principal methods now under test. Other schemes are proposed. Retention of waters in upstream tributaries is to be undertaken, besides immense flood-storage reservoirs on big rivers. Conservation of moisture at the source, by forest and plant cover, is part of the program.

Cause of Strikes

THREE or four times as many strikes as in the years when economic adversity pressed hard on labor. Now, with easier conditions, strikes multiply. What's the answer?

Here's an explanation by a Department of Labor official:

"Labor since 1933 has taken on new dignity and sense of importance. It was on the way to recognition as a full participator in industry. It was to be consulted, and was to be free to bargain collectively. You will notice that strikes now are not for better wages and hours, as a rule, but for recognition. Wage-and-hour strikes are easily settled. Recognition strikes are stubborn and more far-reaching.

"Surface economic conditions do not control the situation. The present unrest is caused by labor's deep resolve to attain full partnership in industry."

Tariff-making in Tax Law

IMPORTANT tariff changes are made in the new tax law, affecting oils principally. Farmers certainly can't kick on the generosity of Congress in this particular. The tax on

inedible animal oils affects tanners and textiles and probably will be passed on to the consumer. The way the new tax hits your small business is well explained by Mr. Duffield on page 53.

A Third-Party Possibility

FATHER COUGHLIN predicts that the vote for Lemke Union party will be so large that election of President will be thrown into the House of Representatives. That opens up inter-

esting possibilities.

The House meets Jan. 3 next—a new House, probably representing the same party votes as shown in the presidential vote. In other words, three parties in the House. In electing a President the House votes by States, each State having one vote. Winner must carry 25 States which is a majority.

If neither Roosevelt nor Landon gets a majority in the electoral college, how will he win in the House? Only, of course, by getting votes from the opposition. As the House probably will remain Democratic, Roosevelt would have the edge even if Landon had received a larger electoral vote.

Dots and Dashes:

ENLARGED activities in all government departments are financed by bigger appropriations for this year. . . . Automobile bodies made of fibre, reinforced by steel, are in the

making. . . . A new and superior tin-plating process has been developed. . . . Patent Office reports great activity in aeronautic inventions. . . . British-American air interests aim to be first in transatlantic airplane service, with Lindbergh active as adviser. . . . Airplanes can now be landed automatically by radio beam. . . . New taxes are intended to crimp imports of vegetable oils. . . . Interstate transport of strike-breakers to scene of labor disturbances is now prohibited by law. . . . Mass picketing of a courtroom is a California novelty. . . . Tests of cotton membrane mesh for reinforcing tar roads will be made in every State. . . . Soy bean production in the U. S. was twice as large in 1935 as in 1934 and is rapidly expanding. . . . Europe has increased agricultural production by about 50,000,000 acres. . . . War Department is directed to buy \$30,000,000 worth of combat planes. . . . Uncle Sam pays \$241,000 a year for membership in and affiliation with the International Labor Office. . . . Census Bureau is busy completing the Census of Agriculture. . . . Federal Trade Commission is also conducting a sweeping investigation into agricultural conditions. . . . Present rate of imports of farm products represents output of about 3,000,000 acres. . . . Hardest problem of appropriation committees of Congress is to circumvent private use of official automobiles. . . . Government and private shipyards will be mighty busy for next two years building up the Navy.



Secretary of Labor, Frances Perkins, who will "determine" wage scales

WAS the beginning of a new NRA initiated when the Walsh-Healey bill was hurried through the last session of Congress?

Will industry find that the Secretary of Labor has been delegated the power to become a dictator of wages, hours and working conditions?

This Act, which officially became known as Public Act No. 846 when the President signed it on June 30, 1936, is "An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes."

Only a small number of business men have awakened to the realization that within the "innards" of this law is a potential NRA without even the semblance of voluntary cooperation—a law which will permit the Secretary of Labor to "determine" wage scales, hour limitations and working conditions for industries selling supplies to the United States Government.

Public Act 846 is also a pertinent answer to the critics who want to know why business men hesitate to move forward. Public Act 846 is an outstanding example of how business must wait upon the wisdom of a government bureau *before* it can move forward.

Even some members of the House subcommittee that drew up the final compromise bill tell us they are uncertain as to the interpretation of words and phrases included. Govern-

ment purchasing agents and Labor Department officials say they will have to wait for interpretations by the Justice Department, Secretary of

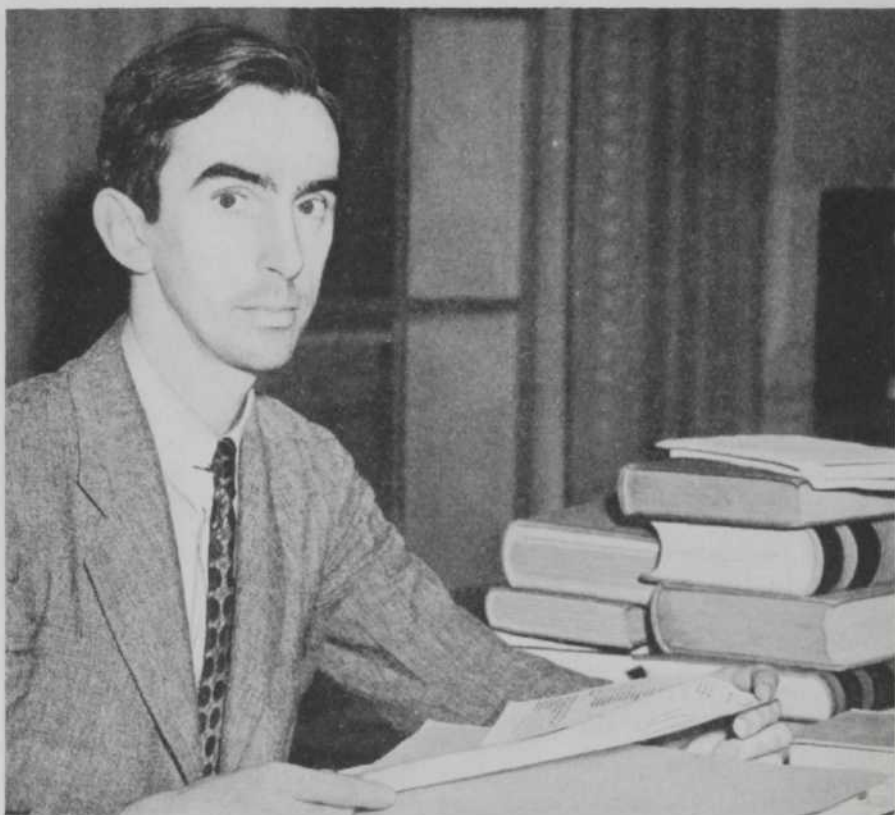
Does Healey

Labor and Comptroller General. A Labor Department official says it will probably take the entire 90 days allowed to draw up regulations.

Again it is certain that the Act will have to meet a test for Constitutionality.

What if private individuals refuse to bid on government contracts? There will be an immediate clamor for the Government to build its own factories—the next step will be a demand that the surplus production of these factories be thrown on the market and into actual competition with private industry.

Speaking before The House Judiciary Committee, Congressman Daniel A. Reed of New York, voiced the opinion that if private concerns refuse to bid on government contracts



Gerard D. Reilly, Assistant Solicitor. Harvard law graduate, 1933. Right-hand man of Solicitor Gregory. Likely examiner of government contracts in commodities ranging from armorplate to zippers

Act Mean Another NRA?

BY ROBERT VAN BOSKIRK

because of the regulations forced on them, there will be an insistent demand for the Government to take over privately operated plants for the production of government supplies.

The Healey bill had the vigorous support of the American Federation of Labor. Although the law as enacted is supposed to affect only government contractors, President William Green testified before the hearings that the objective was much broader in scope than merely the covering of government contracts.

Many are affected

EVEN though the Act is limited to contractors doing business with the United States Government, it will still interfere with the management of thousands of private organizations. In his testimony at the hearings, Capt. E. H. Van Patten, purchasing officer, Bureau of Supplies and Accounts, Navy Department, stated that the Navy Department alone did business with 75,000 contractors and bought 40,000 different items during the last fiscal year. Homer Ferguson, President of the Newport News Shipbuilding and Dry Dock Company, stated that the materials and equipment used in building a battleship affect 2,200 industries.

A list of materials purchased for construction projects financed by federal funds, issued by the Division of Construction and Public Employment, includes 96 general items ranging all the way from steam locomotives, rolling mill products, minerals and earths, turbines, tractors, down to carpets, bolts, window shades, hat racks, theatrical scenery and stage equipment.

Public Act 846 is an outgrowth of the bill originally offered in the previous session of Congress by Senator Walsh of Massachusetts. When the Supreme Court applied the death lock



Charles O. Gregory, solicitor, Labor Department. Yale law graduate, 1926. On leave from Chicago University. His office is logical choice to make regulations

to the original NRA, the mourners sought various methods of resuscitation. One was the O'Mahoney bill which would have forced individual enterprises engaged in interstate commerce to take out a Federal License. The Ellenbogen Textile bill would establish a National Textile Commission to license textile manufacturers. The Guffey Coal Act, the 30-hour week bill, the Wheeler bill enlarging Federal Trade Commission powers, were other substitutes offered to help fill in for the departed brother.

To get at the real intent of this kind of legislation the original Walsh bill gives an indication. It would have applied the outlawed NRA code wage and hour stipulations to every manufacturer, subcontractor, or supplier whose employees performed any work on *any* part of an automobile, a submarine, a carpet, or a chair or any

other article for the Government.

The Healey Act, which is now law, excuses the subcontractor from meeting its stipulations. But the primary contractor, instead of meeting the old code regulations, must meet the wage provisions which are "determined" by the Secretary of Labor.

In the closing days of the first session of the 74th Congress in 1935 the Walsh bill was passed in the Senate and sent to the House. Instead of sending it to the Labor Committee, where it logically belonged and would have been fondled, caressed and sent rejoicingly on its way, the House leaders sent it to the Judiciary Committee where it was shelved and a subcommittee appointed to study the proposals.

At the second session of the 74th Congress the subcommittee's report was tabled by the full committee and the Walsh-Healey

bill was apparently dead. Then came the three billion dollar paper money Frazier-Lemke farm mortgage refinancing bill and the much publicized trade was made whereby a bloc of representatives friendly to organized labor agreed to vote against the inflation bill in return for administration support of the Walsh-Healey bill.

Resurrected and modified

THE bill was then resurrected and reported out of the committee, bereft of its all-inclusive power which might eventually have reached the fisherman who worked overtime to get a string of bull-heads to sell a CCC camp. However it still applies to a large bloc of business men who must wait upon the "determination" of the Secretary of Labor as to whether or not they are paying proper wages.

These regulations apply to Bacon-Davis Act. Similar rulings may be issued by Administrator of Healey Act.

ANY LABORER or mechanic employed to perform work not covered by any of the classifications herein shall be paid not less than the minimum rate of wages specified herein for the classification which most nearly corresponds to the work to be performed by him. In the event any dispute on that question cannot be adjusted by the contracting officer, the question and the information thereon available to him, together with his recommendation, shall be referred for determination to the Secretary of Labor, whose decision on the question shall be conclusive on all parties to the contract with the same effect as if the work performed by such laborer or mechanic had been classified and the minimum rate specified herein.

• • •

(Definition of Prevailing) The rate of wages which the Secretary will regard as prevailing shall be

(a) the rate of wages paid in the city, town, village or other civil division of the State (hereinafter referred to as the locality) in which the work is to be performed, to the majority of those employed in the corresponding classes of laborers or mechanics (hereinafter referred to as the craft) on projects that are similar to the contract work, or

(b) in the event that there is not a majority paid at the same rate, then the rate paid to the greater number, provided such greater number constitutes 30 percent of those so employed, or

(c) in the event that less than 30 percent of those so employed receive the same rate, then the average rate.

Assuming the desire of the Secretary of Labor to be just and reasonable in the administration of this Act, it is a large order to be able to "determine" the prevailing wage scale of our leading industries in all localities. It is law-making that has been abhorrent up to now—a government of man rather than law, and, if such authority is placed in the hands of a secretary, the speculation is always constant as to what peculiar attitudes of mind the next Secretary of Labor may have.

The law will not affect any contracts entered into before the end of September. Moreover the wage stipulations will apply only to those industries for which the Secretary has made "determinations." Which latter means only in such industries as the

Secretary wishes to apply the wage and hour limitations.

In industries where the Secretary has made a "determination" no persons working on government supplies shall be permitted to work for less than the prescribed minimum wage nor in excess of eight hours a day (40 hour week) unless granted special permission.

The black list principle is put into play by the simple medium of directing the Comptroller General to furnish a list of all persons or firms found by the Secretary of Labor to have violated any part of Public Act 846. Unless the Secretary of Labor otherwise recommends, no contracts shall be awarded such persons or firms until three years have elapsed.

Without regard to provisions of the civil service laws, the Secretary of Labor may appoint an administrative officer, attorneys and such experts as are necessary.

The right to make investigations, inquiries and findings in any part of the United States is also given to the Secretary with the increased authority to make, amend, and rescind such rules and regulations as may be necessary.

President Harper Sibley of the United States Chamber of Commerce says of this broad power to make investigations:

If this law were not objectionable on other grounds, it would be objectionable because of the powers which are conferred to summon witnesses and to make findings.

As the law reads, a representative of the Secretary could summon from any part of the country any person whose testimony is wanted about matters re-

(Continued on page 58)



UNDERWOOD & UNDERWOOD

More than 2,000 industries make equipment for a battleship. They will be affected by complexities and comprehensiveness of the Healey Act

"PRICES themselves, wiser than any man who helps to make them, guide and control the economic activities of men."

There is material for thought in that statement. At first glance it overturns the idea that most of us have about prices. Most of us—not having thought at all about the problem involved—have had a vague idea that men *make* prices—that Wall Street fixes the prices of stocks and bonds, that Liverpool goes into a huddle and announces what the world price of wheat shall be, and that Detroit determines the price of the new car. But Benjamin M. Anderson, Jr., reminds us that prices guide and control economic activity.

Benjamin M. Anderson, Jr., is the economist of the Chase National Bank of the City of New York. Each great bank maintains an economist nowadays. In a simpler day the bank heads served informally in that capacity. They observed the trend of prices, noted the possibility that crops would be good, that wars were overhanging, that political conditions in Europe might shake credit. Then they acted as they considered wise.

In these more complex days the great banks everywhere employ economists who not only consider these surface matters but dig under the surface and note the operations of immutable law in contact with human affairs. Dr. Anderson is one of the most widely known of these inquirers. His occasional bulletins in their covers of stout gray paper are to be seen on the desk of every man who deals in great affairs. One of his latest is entitled *Governmental Economic Planning and Prices*.

Almost every government in the world has been tinkering with prices during the years that began with the outbreak of the War and have not yet ended. No one would say that they have been successful. Taxes have reached back-breaking weight almost everywhere. Unemployment figures are appalling. Business men observe the vagaries of government pundits and are afraid to take the risks of expanding their companies and developing new plans. I asked Dr. Anderson:

"Can government satisfactorily control the economic operations of a great people?"

His reply was emphatically "No!" He went on:

"I do not believe that at best, even with a government ideally organized for controlling economic life, and with an ideal set of officials, masters of the best economic thought, government could work out a conscious control of economic life of a great people which would approach in efficiency the unconscious automatic coordina-

Prices are Wiser Than Men



Benjamin M. Anderson, Jr.

BY HERBERT COREY

AN INTERVIEW with Benjamin M. Anderson, Jr.,
economist of the Chase National Bank of the City
of New York, who explains the action of prices

tion and control which free markets and freely changing market prices give. But government as at present organized has difficulty even in seeing what the problem of governmental economic planning is."

"What are some of the practical difficulties?" I inquired.

"The difficulties are legion. For instance, the Congress is organized in such a way that committees are primarily responsible for legislation, and a wide range of economic matters concerning which legislation is proposed or takes place is dealt with by separate committees. Each of these committees looks at a problem primarily from the standpoint of its own

particular function, and ordinarily feels that its legal and traditional terms of reference preclude it from considering matters which belong to another committee, even though the economic connections between these matters and its own problems are very close.

"As an example, the connection between the currency problem and the problem of foreign trade is exceedingly close in economic nature. If only gold is free to move across international borders in payment of debts, then there is not enough gold. If, on the other hand, goods can move with reasonable freedom across in-

(Continued on page 70)

Men Whose Names Made Business News



VERSATILITY

Silas Strawn, lawyer, former National Chamber chief, adds title, chairman, Electric Household Utilities



PATRONAGE ELIMINATOR

Robert L. Johnson, vice president, Time, Inc., heads Civil Service Reform League. Opposes "Farleyism"



SELLS TRAVEL

Advertising Federation chooses E. H. McReynolds, St. Louis railroad-er, to lead for year



GOVERNMENT'S LOSS

Expanding, U. S. Advertising Corporation hires Chester McCall, former aide of Secretary Roper to help



BANKER

C. H. Wang, American educated Shanghai financier, opens Bank of China branch in New York



STEEL MASTER

T. E. Millsop, 37, new president, Weirton Steel Company. "Youngest" top man in the industry



MANAGEMENT AWARD

Morris E. Leeds, Philadelphia, makes scientific instruments, granted Gantt Medal for management



PLANE BUILDER

Donald W. Douglas awarded Robert J. Collier trophy for outstanding transport airplane



KNOWS INVESTMENTS

Edward B. Hall, Chicago banker, nominated for president Investment Bankers Association



Business men are being beaten to their knees because they are afraid they will offend somebody

CHARLES DUNN

Business Men Are Cowards

PROBABLY you won't agree with this writer but his article will at least make you take stock of yourself and your business acquaintances

BY J. GILBERT HILL

AMERICAN business men should have to sneak down the back streets and alleys. They should have to run at the growl of government bureaucrats or the ribald jests of the demagogues. They're cowards. And cowards always have had to give way to men with nerve.

Ninety per cent of our business men—there are a few conspicuous exceptions—quake and shiver even at the thought of standing on their hind legs and expressing an opinion on a public question for the guidance of their friends, employees, and customers.

They are afraid to do the thing their forefathers fought for the right to do—to take an active, open part in their own government.

But they will run off together like a pack of whipped puppies, lock themselves behind closed doors, post a guard, and tell each other how the country is in danger of being swept by Communism, Fascism, or some other "ism"; how their taxes have risen; how an unbalanced budget is wrecking the nation; and how the politicians are raiding them for campaign funds.

But if a reporter is present their remarks are "off the record," "in

confidence," or "not for publication."

The people, their employees and customers, must not be allowed to understand what business is facing, even though the people are as much, if not more, interested in the maintenance of good jobs and good markets, than business itself.

If business is being shoved around by the politicians—I say, if—then it's no one's fault but the individual business man's.

I am a reporter. I cover business. I know business men and like them. My colleagues on the paper believe I favor business in current political arguments because I have a "business turn of mind," whatever that is.

The truth is that I consider myself an average American. I try to be fair. Like any other American, I try to make up my mind on the basis of what I hear, see, and learn. Because I do cover business I hear—"off the

record" always—some of the other side and thus do see and often support the business man's position.

There's two sides to every argument. But if the American citizen hears only one side he's going to vote for only one side.

"All legislation," said Champ Clark, "is accomplished through compromise."

But what is there to compromise if business doesn't demand, and fight for, openly, its rights?

That's a fine theory, you say. But what about some examples. All right. What about the Federal Housing Act and its five per cent money?

Rules for the FHA plan were announced in Washington by President Roosevelt. It was an ambiguous announcement. Five per cent money for building and buying homes was stressed but such matters as service

(Continued on page 78)

They Called the Hearse

BY JO H. CHAMBERLIN

AN EMINENT composer and musical critic recently remarked that the piano was definitely out as a piece of parlor decoration and that he thanked God for it. People are buying pianos these days with the quaint notion that they are going to play on them, and more of them are being sold today than at any time in the recent past.

Why?

Well, no one knows exactly, but it is a demonstrable fact that this industry which drank the bitter dregs into 1932, is showing new and vigorous life. Shipments from manufacturers to dealers for 1935 were 38 per cent ahead of 1934, 90 per cent better than in 1933, and 139 per cent better than in 1932. These shipments are based on increased sales, not on optimism. A majority of the piano companies are working overtime to catch up with orders.

The piano industry has a way of retaliating upon those who bury it. When phonographs came in, the industry was said to be doomed, but it came back with the player-piano which boosted the industry to its all-time peak in 1923. And now, when radio is supposed to have done the industry in, it again stages a lusty revival.

As a matter of fact, radio should be included among the reasons for the piano industry's new life. There are more sets today than ever before, yet a good many mil-



lion citizens have decided that radio cannot possibly satisfy all their musical needs. Also, in reaching its own broad growth, radio now finds that its educational efforts are resurrecting some of the instruments and ideas it once sent on the road to temporary discard. Good music over the air has served in the long run to increase the popular demand for it. The skilled musicians, to whom music is both wine and meat, have gone right on enjoying Bach and Beethoven through the headache and head-line filled years. Now they, too,



KAUFMAN & FABRY CO.

New types of key action lighten and speed up the touch

All pianos no longer look alike, the industry is style conscious as never before

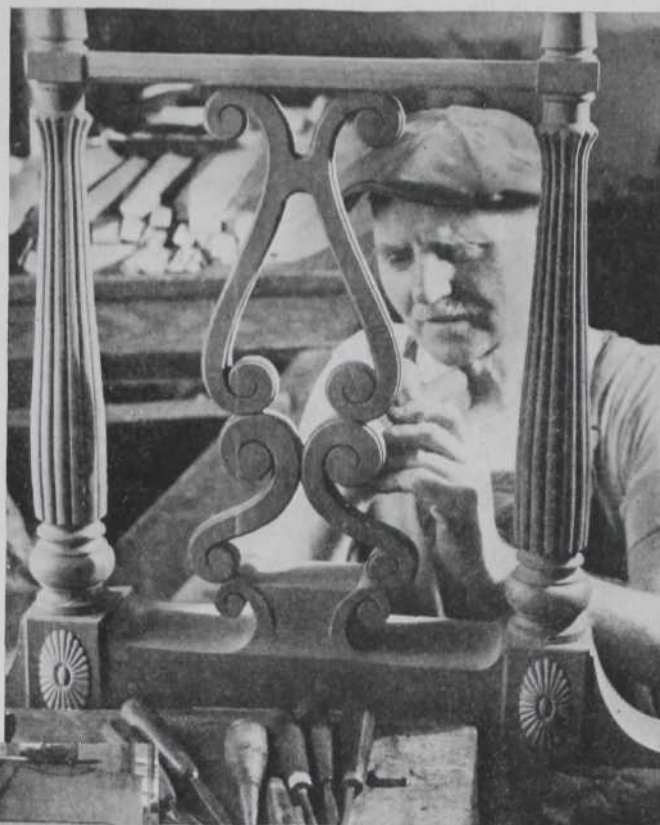
The "vertical" is designed to fit in with modern decoration. It is a baby grand up-ended



WORSINGER

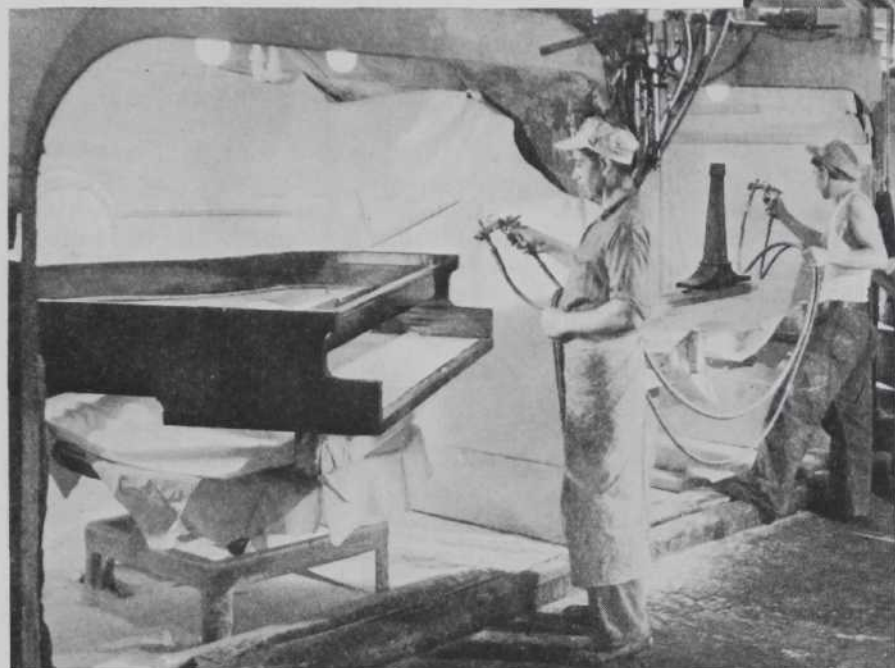
Too Early

EVERY few years the mourners gather to hold the last rites over the piano industry. The last occasion was in 1932. Today, thanks to new methods and new ideas, the industry is showing an amazing come-back and customers are sharing the benefits



RITTASE

Since 85 per cent of production cost is labor, piano manufacture does not lend itself to easy economies



RITTASE

A quick-drying lacquer which may be sprayed on rather than brushed on has reduced production time without loss of quality

are coming into the market for new pianos.

There are many reasons why the piano business is better off than at any time in recent years.

The renaissance of home life in America has helped the piano industry perhaps more than anything else.

That and the fact that the manufacturers have decided that they could unbend a little and do some exploratory merchandising. As a result, the purchaser today is getting far more for his money than he did before, and it isn't because of that ol' devil radio. Quality was, is, and always will be the *leitmotif* of this industry.

Lower production costs are responsible to a considerable degree, and not a few men in the business, unfettered by tradition, think that if costs could be brought even lower, a greater volume would result, as has been the case in the automobile industry. Blasphemy is still the word for this kind of talk in ultra-conservative piano circles, but it's not as blasphemous as it used to be.

And heretofore the dealers haven't been too welcome toward "modern" pianos, a few of which have appeared from time to time in display windows. Now they are reconsidering, wondering if they have not overlooked a merchandising asset. Some industrial designers have done over their own pianos in the modern manner with considerable success.

The dynamics involved in the piano were pretty well laid down years ago although improvements and refinements are being made all the time. Recently two new types of key action have come on the market, both of which lighten and speed up the touch. They can also be installed on old pianos at a cost of about \$100.

As much as anything, the revival of life in the piano business is due to the enthusiasm over a new type of piano called the *vertical*, which is more or less a baby grand up-ended. The *vertical* is the first real departure in piano design in 40 years, and is an effort to introduce

new styling into the piano, to make it harmonize better with modern home decoration and modern conditions of living. Eight or nine companies are now producing these instruments, which have good tone and require less space than the ordinary upright. Many of them have spinet-type designs.

"Verticals" have been well received

ALTHOUGH the verticals have been on the market only since last June, orders have been substantial. Their sale, and that of modestly priced uprights in recent months, indicates that pianos are being bought for use, not appearance.

This fact also may forecast improvement in the higher priced brackets, which have shared in the increase but not quite as much.

In the eyes of merchandise-minded people, the vertical type pianos have the merit of being different. "Packaging" or "styling" doesn't mean much to an accomplished pianist, but it means a lot to the young housewife in a small apartment.

The industry still stresses the idea that children should be given an opportunity to express their personalities with music.

Now, however, the youngsters are not called in from play and told to practice—or else. Parents are urged to use the same methods in getting their children interested that Tom Sawyer used in getting the fence white-washed—to create a desire. A perennial subject for magazine covers has thus been lost, but the general effect appears beneficial. The registration of students of piano is the greatest in a decade.

For the third year the industry is on the upswing. In the years before 1925 piano sales averaged over 300,000 instruments a year. The biggest year in the industry was in 1923 when production reached 365,000 instruments with a value of \$102,000,000. Two-thirds of this sum was represented by player-pianos. Today the sale of these is practically nil. By 1931, the industry's production had dropped to slightly less than \$13,000,000.

The worst year for this and many another American industry was 1932. Only 27,000 instruments were produced in the entire country. Only the most conservative and well-heeled piano manufacturers were not talking things over with their lawyers.

But, in 1933, the industry began the upward climb—34,000 pianos were sold. In 1934 the total had gone to 47,000 and last year complete returns indicate sale of 65,000. This year about 90,000 pianos will be sold. At present, about 7,000,000 pianos are in use in the country, although many of them are full of mice, moths, and discords. Some vacuum cleaner salesmen say they are sure to make a sale if they can just get a chance to show how much dirt there is in the usual

family piano. Here is a huge replacement market which is being tapped.

A purchaser today gets about 25 per cent more piano value for his dollar than he did five, ten or 25 years ago. Values are greater not because of distress merchandise, for that has been written off the books, or because hard times knocked the stuffing out of labor and materials costs. The manufacturers who came through because they were fittest have lowered their production costs in a variety of ways. Some of them have successfully diversified.

Ivers & Pond of Boston offer an interesting case history in this respect. This firm has built quality instruments for about 50 years. About two years ago, it found itself in a predicament. Its arch-enemy, radio, had suggested that, since the company's craftsmen were both experienced and highly skilled, they could probably make quality radio cabinets better and cheaper than the radio people could themselves. The factory was already equipped with the most efficient machinery; the labor was at hand. When the men were not busy on pianos, why couldn't they work on cabinets?

The company decided to give the whole business a try, and did. The radio men were followed by clock manufacturers, and a number of others. Ivers & Pond piano production was disturbed never a whit. The main business went right on, with the sideline a profitable tribute to the company's experience and skill.

One of the stumbling blocks in production until recently was the long period required in finishing the wood, inside and out. With the help of Sherwin-Williams engineers a new schedule was devised at the Ivers & Pond factory which cut the time to a quarter of what it had been and resulted in a superior finish. Lacquer, made from nitrated cellulose—a first cousin to gun cotton—replaced varnish because it could dry and be ready for rubbing within four hours, as compared with one to four days for varnish. Lacquer is by no means cheap and it was not a question of one finish being less expensive than the other. The

new finishes are not as subject to cracking and checking as the old piano finishes as a result of sudden changes in weather and temperature. They lie evenly and bring out the grain of the wood to the full. Quality is inherent and always will be in the piano industry.

Quality is necessary

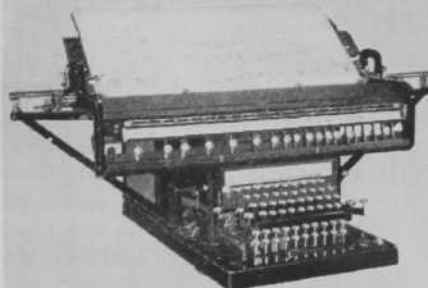
PIANOS can be built with less expensive materials, but as a long run policy it has been found that only the finest survive. The materials and labor must be top rank. For example, the strings on a piano exert a pull of from 20 to 40 tons. The cast plate must be able to withstand this pull yet it must not be too heavy or the tone of the instrument will suffer. This necessity for balance exists from start to finish in production.

Consider the wood
(Continued on page 69)



The piano must be sturdy enough to stand a pull of 20 tons but, if it is too heavy, tone suffers

Burroughs



BURROUGHS TYPEWRITER ACCOUNTING MACHINE

Writes check (or pay envelope), earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated. This machine is only one of several models; payroll work is only one of the many jobs they do.



BURROUGHS DESK BOOKKEEPING MACHINE

Posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay. Can also be used as a fast, practical adding-subtracting machine for all kinds of accounting work. Many styles and many models—all low in price.

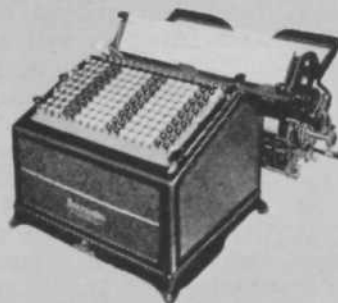
**SIMPLIFIES
PAYROLL ACCOUNTING**
*and gives you the additional
information required by the*
**SOCIAL SECURITY
ACT**



BURROUGHS CHECK-WRITING TYPEWRITER

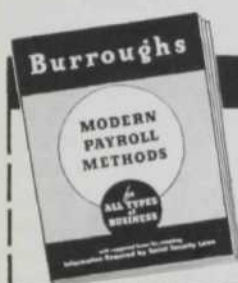
Writes payroll checks in units or in strips. Payroll summary completed in same operation. Fast and easy insertion and removal of checks. Can also be used as a typewriter for correspondence and general typing. Electric carriage operation. Several models.

BURROUGHS offers many new and improved machines which not only supply the additional payroll information required by the Social Security Act, but also handle the entire payroll job with exceptional speed, ease and economy. It will pay you to investigate these new machines. Telephone the local Burroughs office, or send for the new payroll folder described in the coupon below.



BURROUGHS AUTOMATIC PAYROLL MACHINE

Writes check (or pay envelope), employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order. Many models for payroll work, as well as for scores of other accounting jobs.



SEND FOR THIS NEW PAYROLL FOLDER!

BURROUGHS ADDING MACHINE COMPANY, 6128 SECOND BLVD., DETROIT, MICH.

Send me the new folder "Modern Payroll Methods," illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings.

Name _____

Address _____

What Does the Price Law Mean?

ROBINSON-PATMAN Act, so called antichain store legislation, is a riddle to both law-makers and those affected by its ramifications

WHAT effect will the Robinson-Patman Act, signed by the President on June 19, have on business? Apparently nobody knows.

We hear such conflicting statements as: "The Act will have little effect on the normal business" and "Five thousand lawyers are trying to figure out how great the effects will be." Somewhere between must lie the truth. There are such predictions as that large producers will set up exclusive distributing units in the various states, thus getting these sales out of interstate commerce. It is said that manufacturers catering to large mass buyers will limit their trade to mass sellers—chain stores, department stores, mail order houses, and the like—thus obviating the question of discrimination between different buyers.

Gilbert H. Montague, general counsel of the National Food and Grocery Conference Committee, and others similarly have warned that there may be trouble from sharp-shooting customers who may bring suits for triple damages in case of any price discriminations that are not in accordance with the law. Another likened this practice to ambulance chasing lawyers and said evidences of its probable use were already appearing.

The Institute of Distribution, in a series of questions and answers on this Act, claims large buyers may actually be benefited by the Act. Answering its own question, "Must the manufacturer protect the large buyer as well as the small in respect to prices?" the Institute said:

"Absolutely in order to protect himself from liability. The new law attempts to regulate the use of resources and size to crush out competition unfairly, but in return for doing so it undertakes to assure the efficient distributor, perfecting and using different methods, a just reward for his efficiency and methods. . . . A standing order filled periodically at the same price on the same sized lots as a series of scattered competitors' orders by a manufacturer with a 20 per cent overhead item for a national sales force, for instance, obviously now places that

manufacturer under very serious possible liability indeed. Or a manufacturer delivering his nationally advertised product generally to retailers direct at the same price he continually delivers it in lots to the warehouse of a national distributor competitor might find himself liable for heavy penalties. . . .

Giving savings where due

"MANUFACTURERS must, if they are to avoid running foul of the law, give competitors—large or small—the benefits of savings their methods of purchasing involve when doing otherwise will cause competitive injury to an outlet, whether belonging to the chain or not."

The same analysis also says:

"Prices to wholesalers must be on the basis of quantities bought and methods of sales involved."

This is in direct contrast with the interpretation of the Act which was given to the United States Wholesale Grocers' Association by H. B. Teegarden, general counsel of the Association as well as the reputed author of one of the general bills which were finally merged to make this Act. He said:

"Wholesalers are frequently called upon to supply special articles to particular retailer customers which, though not carried in stock, they can, because of their broader contacts, obtain more conveniently from the manufacturer than can the retailer himself. Purchased in retail quantities, these represent a class of accommodation sales for which the difference between the wholesaler and retailer prices affords a nominal compensation to the wholesaler for his trouble. Where the wholesaler does not sell also to consumers in competition with the retailers to whom he sells, and where the manufacturer

does not sell in similar small quantities at higher prices direct to retailers, the manufacturer may continue to fill such accommodation orders at wholesale prices without violating any provision of the bill."

Perhaps there is a joker in the Act to stop it, but

what is to prevent a private buyer on a large scale from claiming and getting the same low contract prices generally given the Federal Government on its purchases? This would, of course, raise the prices the Government pays—thus assisting the Walsh-Healey Act discussed on page 24—and perhaps seem to some in government service to make it "necessary" to take over private factories to make the Government's required supplies.

What is to prevent manufacturers from adopting the *del credere* plan and carrying it down to the final sale—if they must find a way around the Act? This plan was recently extended in the drug field by Forhan's and other firms. Under it, instead of selling his goods, the manufacturer consigns them to the wholesaler or retailer and the latter, as agent of the manufacturer, sells them to the final customer and is paid for his services by the manufacturer—as the manufacturer sees fit, which might be in proportion to their present margins.

Chains, it is said, are considering the formation of cooperative brokerage houses to retain the brokerage which might be forbidden them by the Act. Another thing feared by some manufacturers is that large buyers may set up their own manufacturing agencies.

Speakers at a recent luncheon of the New York Board of Trade, as reported by the *Herald Tribune*, show some of the diverse opinions of this Act. Charles Wesley Dunn, Counsel for the Associated Grocery Manufacturers of America, said:

"The law is shot through with unconstitutionality. . . . Not a Congressman, even when he voted for it, understood this bill. It is full of uncertainties. There isn't a lawyer in the United States who could understand

(Continued on page 75)

"Circumstances Alter Cases"

"Well, boys, I certainly would urge both of you to get as much Life Insurance as you can afford—but be sure it is the kind best suited to your needs."



SOUND advice—"the kind best suited to your needs." A real life insurance man analyzes the needs of his client and then fits a life insurance program to them. For instance, the bachelor with no dependents may find that a Fifteen or Twenty-Year Endowment Policy will give him exactly what he wants—a fixed amount at the end of the period.

The young married man is confronted with different conditions. Shall he buy a definite amount of protection for his family which will be paid in full during the period when he is likely to enjoy his highest earning capacity? Or shall he select insurance offering the same amount of protection at a lower annual cost, but with premium payments continuing for life?

A man who has rounded 40 and who has various responsibilities may wish, through Life Insurance, to set up a financial program which guarantees security for his family, completed education for his children, mortgage redemption, and independence for himself at retirement age. A modern Life Insurance Program is flexible. It can be adjusted to meet present requirements

and reshaped later to meet altered circumstances.

Talk to a Field-Man. He will be glad to help you plan the kind of Program that you want now. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Company
1 Madison Avenue, New York, N. Y.

Without placing myself under any obligation, I would like to have information regarding a Life Insurance Program to meet my needs.

NAME _____

ADDRESS _____

CITY _____ STATE _____

86-N.

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER
Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.

© 1936 M. L. I. CO.

LEROY A. LINCOLN
President

No Business Can Escape CHANGE

New products fill new needs and make employment for both men and money

1 • A NEWLY designed drawing board is small enough for the brief case. Slightly raised margins obviate the use of T squares. Paper holders in the corners eliminate thumb tacks. Quite thin, it weighs less than a pound. . . .

2 • SOY BEANS are being converted by a new process into a tasty nut-like confection for bakers or table use. The bitter, beany taste is removed and warm weather does not cause rancidity. . . .

3 • THERE is now a typewriter for musical scores. It has more than 50 musical symbols and many gadgets that make a neat job easy on any sized staff, or the operator can make his own staves. Its product approximates the printed sheet. . . .

4 • A SEAMLESS joint features a new corrugated fiber board container thus eliminating bulky overlapping, stitching or taping. And for heavy duty there is offered a double ply board, with the corrugations at right angles to each other. . . .

5 • A NEW tougher paper container for milk has a friction plug closure with a guard to prevent contamination and a top which will not spill down the side when pouring. Its rectangular shape saves storage space. . . .

6 • A NEW plug for electric irons causes less wear on the cord while keeping it out of the way of the ironer, whether she is right or left handed. Since the cord enters at an angle, the iron doesn't rest on it when it is up-ended. . . .

7 • FLIES and other insects are electrocuted by a new device which uses light or a high-pitched inaudible hum to attract them. Low amperage makes it harmless to humans. . . .

8 • DRAFTLESS circulation and at the same time absorption of noise both from the room and the ventilation system is provided by a new acoustic ceiling with many small perforations through which air is admitted. . . .

9 • SPACE is saved by a new extremely flat fastening device for use in folders, file backs, or catalogs. Its base is only .01 inch thick and smooth, not catching other papers. . . .

10 • A NEW zipper, comparable in size to a fine gold chain, is offered in various colors. It is said to be strong enough for heavy clothes, dainty and thin enough for finest lingerie. . . .

11 • A MECHANICAL ring binding is now made from tinned black plate or spring steel. Available in a variety of metal finishes and colors, it offers a pleasing appearance as well as economy. . . .

12 • A CHAIN in conjunction with a novel gripping device makes easy the lifting of drums, castings, irregular shapes. It is adjustable to all sizes and shapes. . . .

13 • A NEW hand truck and skid combination works in tighter corners since the jack and front wheels are a separate unit. Once the load is lifted, the handle provides effortless steering. Rear wheels are built onto the skid itself. . . .

14 • EXHAUST air is used to cool a new riveting hammer. Four vents conduct the air down the length of the cylinder and out past the rivet set head. Cooler operation is said to reduce breakage and wear, and add to ease of operation. . . .

15 • COMPACTNESS of design features a new automatic coal burner for residential use. A feed-worm beneath the floor conveys economical sizes of coal from bin to furnace—no hopper to fill. Electric controls make automatic the operation, including, on some models, an ash remover. . . .

16 • A HANDY gadget resembling a cane makes application of fertilizer to individual plants easy, and saves back-bending. It also can be used to apply a dandelion killer in the vital spot. . . .

17 • INDEX cards and folder tabs which have the top edge and margin reinforced and protected by a cellulose acetate coating are now available. . . .



25 • A NEW low-wattage lamp produces rays which are germicidal to mold spores in the air. Used in refrigerators, it makes "aging" of meat possible at higher temperatures. Other germicidal uses have been found for it.

18 • A NEW electric marker writes on non-conductors—glass, pottery, hard rubber, fiber—as well as on metals. A hand tool, it writes like a pencil cutting into the surface being marked, does not stick into metal. . . .

19 • ANGLERS are offered a new deep-water float—a zipper-closed canvas which covers an auto innertube and has seat (and leg holes) in center. Paddles may be had which attach to the feet. . . .

20 • A NOVEL film-like material is now available for hiding small mars and scratches on auto fenders, bodies. The film—in various colors to match the finish—is wet, rubbed on, then its paper base is removed. . . .

21 • SMALL mercury vapor lamps of only 85 watts are now offered. They may be used for industrial lighting, photographic work, and in other fields. . . .

22 • FLOWER pots of a new type, in colors, are 20 per cent lighter than clay, require less watering, save at least one transplanting, save on shipping charges, and easier on errant husbands. Similar to clay in design, they're made of paper yet waterproof. . . .

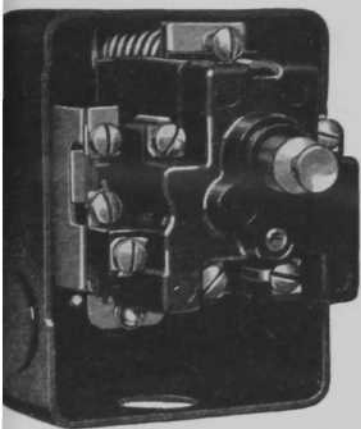
23 • ORDINARY labor can assemble a new simplified roller conveyor shipped cheaply in knock-down form. The roller axles serve as frame braces. Standardized interchangeable parts are said to reduce the cost of engineering. . . .

24 • A NEW lamp unit for exposed electric signs and other uses consists of a reflector molded integrally with a plastic body so as to give more reflected light and less loss of brilliance from collected dirt. Colored diffusing lenses may be used with it. . . .

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

the NEW C-H Pressure Switch



Cover removed, exposing adjustment screws, heater coil and wiring connections.

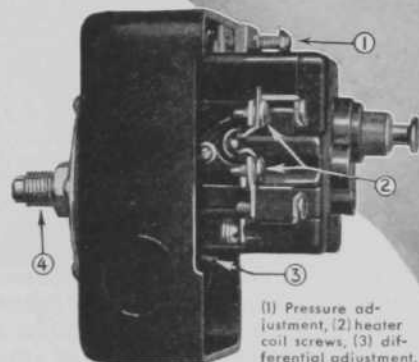


FOR THE AUTOMATIC CONTROL

F PUMPS AND COMPRESSORS

SOME owners, store keepers, factory and building operators, other users of fluid pumps and small compressors, find this the most amazing development of recent years... the NEW Cutler-Hammer Pressure Control. For the first time, an automatic pressure switch presents every feature and advantage... in a unit so compact, simple, rugged and dependable that its usefulness multiplied a hundred-fold. See features on the right.

Send for descriptive literature; specify C-H Bulletin 016 Pressure Switch on the pump you buy. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wis.



(1) Pressure adjustment, (2) heater coil screws, (3) differential adjustment, (4) S. A. E. fitting or pipe thread.

Name any Feature you want-THIS HAS IT

1. **Appearance?** Smart modern styling plainly shown above.

2. **Small Size?** Unbelievably small, case measures $3\frac{1}{4} \times 4 \times 3\frac{1}{4}$.

3. **Full Automatic Action?** Diaphragm type. Single pole and double pole. Has manual "off" feature. Self-indicating overload trip. Overload relay reset by push button. Pressure range and differential adjustable between 20 and 80 lbs.

4. **Applicability?** Apply to either single or dual voltage motors. Used on dual voltage without changing heater coil. Motor mounting—or conduit-mounting. Standard S. A. E. fitting converts easily into pipe fitting.

5. **Long, Trouble-Free Operation?** All-metal case; simple, sturdy construction; famous C-H double-break contact mechanism. HEAVY Silver Contacts. All metal parts including case are corrosion-resistant.

6. **Ease of Wiring?** Loosen one screw to take off cover. All wiring connections out in open. Plenty of knockouts and "elbow room".

7. **Ease of Adjustment?** Remove cover to change heater coil or adjust pressure and differential. Adjustments made with screwdriver.

8. **Ease of Inspection?** Loosen two screws, to remove contact mechanism. Loosen three screws, to remove pressure mechanism. Both come out clean. No parts dropping loose, no adjustment upset. Diaphragm removed from rear, without disturbing contact or pressure mechanism.

9. **Protection to Motor?** Famed C-H Free-Tripping Overload Relay, gets maximum service from motor, gives maximum protection.

10. **Ratings.** 1 H. P. 110 and 220 volts A. C.— $\frac{1}{2}$ H. P. 115 and 230 volts D. C.



(To left) Contact mechanism removed by unscrewing 2 screws.



(Below) Pressure mechanism removed by unscrewing 3 screws.



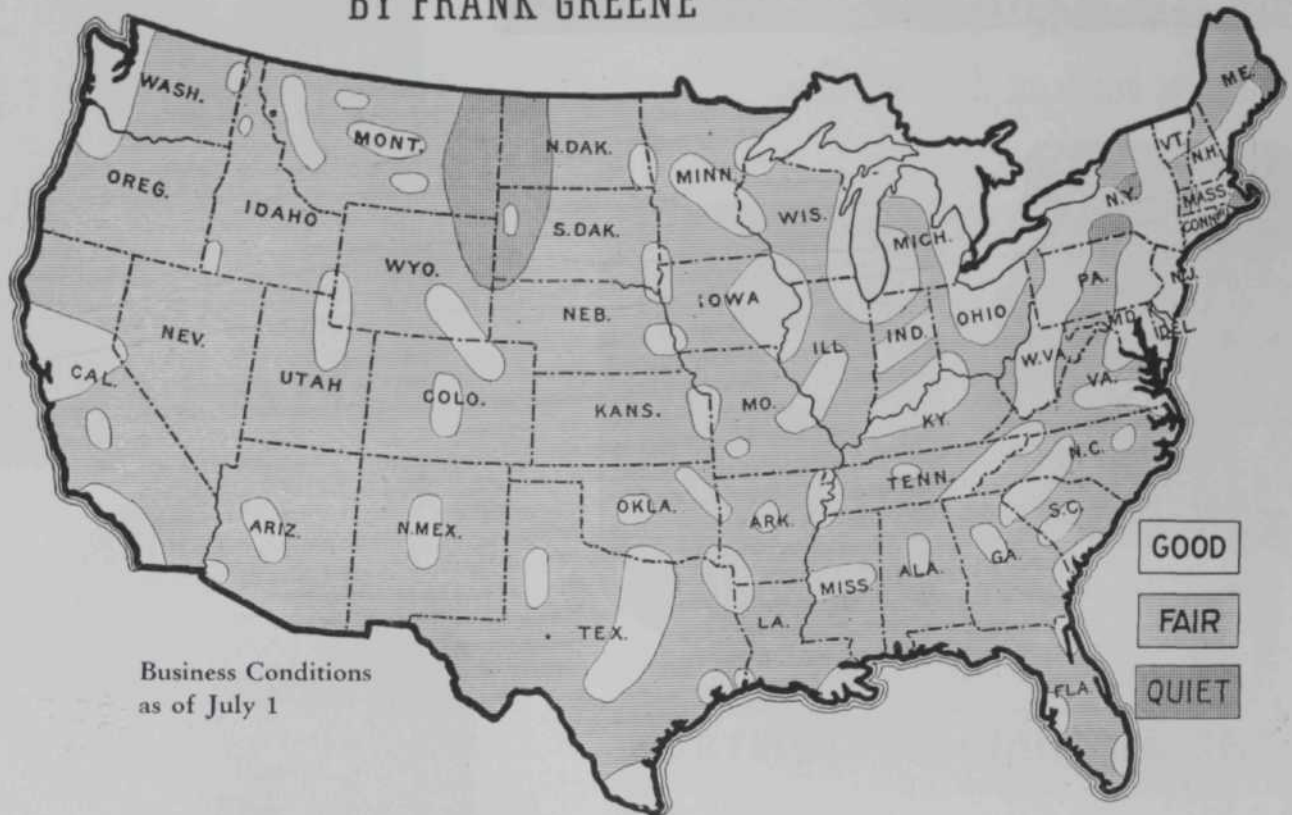
(Below) Showing minimum swing radius around S. A. E. fitting.



CUTLER-HAMMER CH MOTOR CONTROL

The Map of the Nation's Business

BY FRANK GREENE



JUNE saw an upsurge in trade and industry as a whole, but wide-spread drouth retarded most crops. Losses in the northwest spring wheat crop were reported following a long spell of dry weather. Pastures suffered widely. Preparations were reported to ship cattle out of affected areas. Cotton suffered in the southeast. These happenings cloud the agricultural outlook as a whole.

Electric power output made new all-time records in June. Steel production, aided by active buying of automobiles, machine tools and railroad locomotives, cars and rails, showed a contra-seasonal increase and almost doubled the output of 1935. Carloadings for June were the heaviest of the year to date.

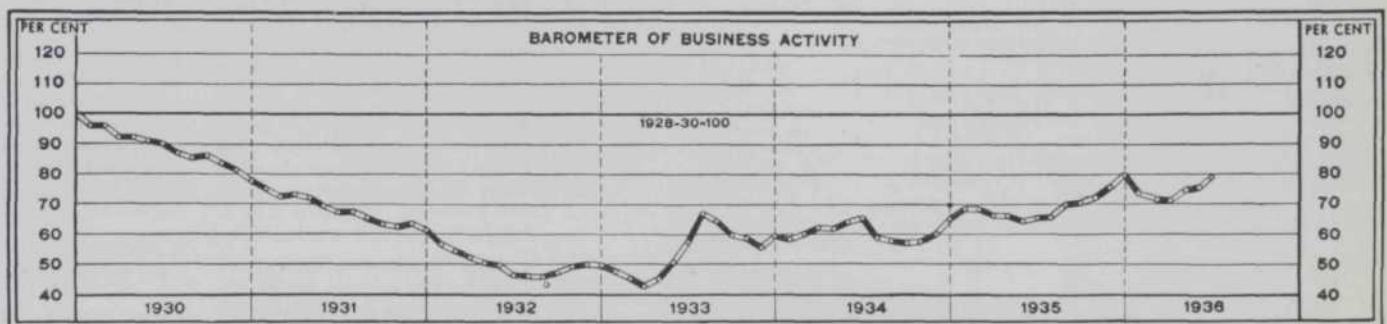
Commodity prices, led by grains, rose following the May decline. Chain and mail order sales increased. Cotton consumption and exports surpassed 1935. Cigarette and electric refrigerator production broke all records.

Dividend resummptions were numerous. Bank debits for the half year were a sixth larger than a year ago.

The striking change in the June Map is the darkening in spring wheat areas because of prospective losses of yield from 1935 due to drouth damage



The map of last month

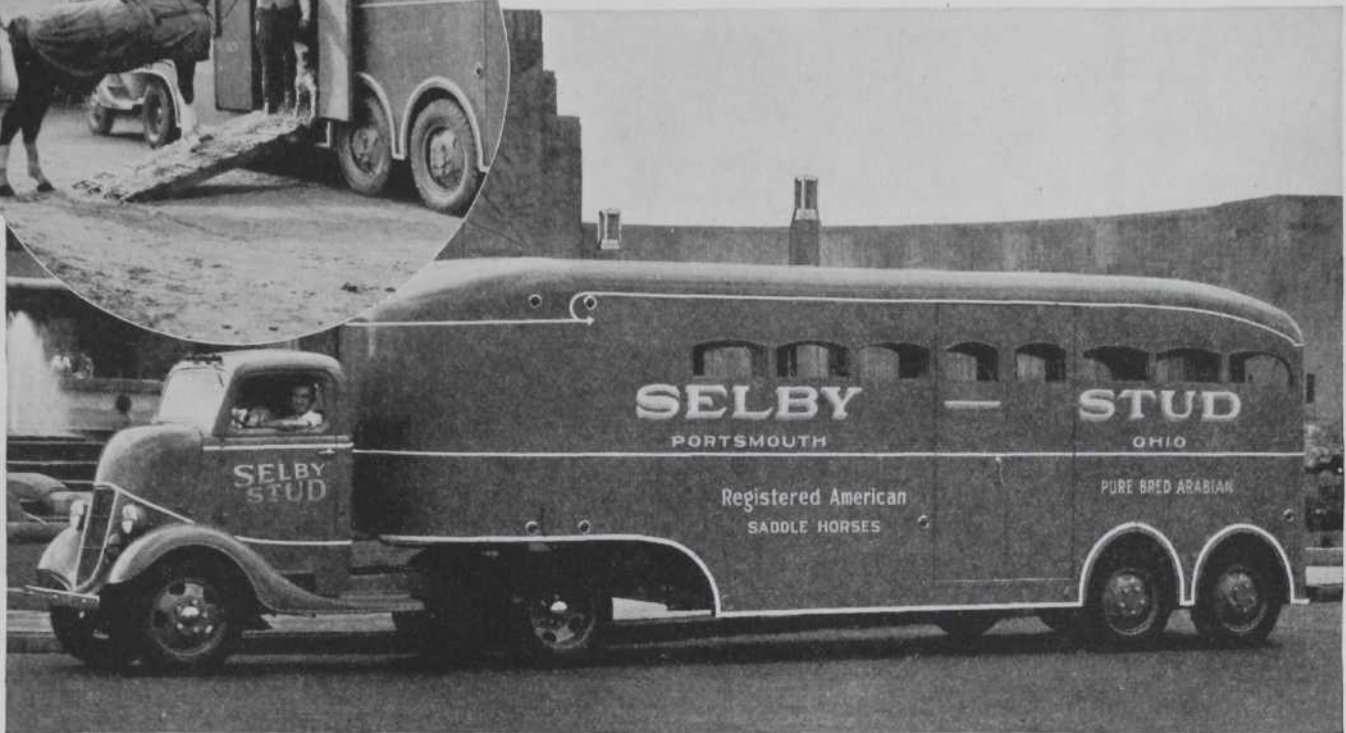


The Business Activity Barometer for June rose for the third month this year, thereby tying that of December, 1935 and almost equalling that of November, 1930

BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

"WITH A LOAD VALUED AT \$85,000 WE CAN'T TAKE CHANCES ON TIRES"

Says J. Miller Lackey
Manager, Selby Stud



HOW NEW GOODRICH TRUCK TIRES ARE PROTECTED AGAINST SIDEWALL FAILURES

Moving valuable registered horses to and from show grounds, race tracks and polo fields is no small responsibility. Many horses are valued at \$20,000 to \$30,000 and it is not uncommon for one of the animals to be injured in transit.

To protect his champion Arabians, Mr. Roger A. Selby, President of the Selby Shoe Co., Portsmouth, Ohio, had a

tractor-trailer unit specially designed to reduce the risks involved in transportation. This unusual outfit is built to carry six horses, equipment and from two to six men.

To haul this precious cargo, Goodrich Silvertown Truck Tires are used exclusively. These tires are Triple Protected—built especially for the extra-tough hauling jobs.

They're first choice among truckers who have valuable loads—long hauls or any unusually severe service. It's because the new Silvertowns actually check 80% of premature failures! A revolutionary invention built into the sidewall guards against blow-outs and road delays. No other tire has this construction! If you want to cut down the tire costs on any job, get the

tire used on the world's toughest hauls. It will do your job better, too. And

remember, Silvertowns cost no more than other standard tires.

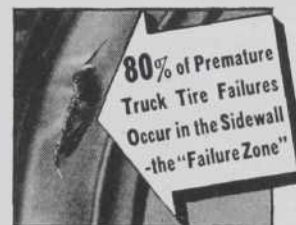
HOW TRIPLE PROTECTION WORKS

1 PLYFLEX—a new, tough, sturdy rubber material with greater resistance to stretch. A layer of Plyflex in the sidewall prevents ply separation—distributes stresses—checks local weakness.

2 PLY-LOCK—the new Goodrich way of locking the plies about the bead. Anchoring them in

place. Positive protection against the short plies tearing loose above the bead.

3 100% FULL FLOATING CORD—Each cord is surrounded by rubber. With ordinary cross-woven fabric, when the cords touch each other, they rub—get hot—break. In Silvertowns, there are no cross cords. No friction.



NOTICE TO OWNERS OF HALF-TON TRUCKS

Goodrich has a new kind of tire for half-ton trucks. It's the "Commercial 15"—a low-pressure tire with all the advantages of a truck tire and automobile tire combined. It cushions the load, gives greater mileage, blow-out protection and non-skid safety.

© 1936, The B. F. Goodrich Co., Akron, Ohio.

Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

READY- as Amer

SAFETY FIRST—
friendliness too!

DID YOU KNOW

—that the railroads haul a ton of freight a mile with a glass of water and less than a handful of fuel, and at rates averaging less than a cent?

—that the speed of freight trains has been stepped up 43% in recent years?

—that by increasing the efficiency of combustion the railroads have cut fuel costs a half billion dollars in the past ten years?

—that 44% of every dollar the railroads take in goes for railroad payrolls?

—that the railroads maintain their own "highways"—a quarter of a million miles of "line"?

—that many railroads will carry your automobile to vacation spots for the price of a third ticket?

—that railroad fares throughout the United States have been reduced as much as 44%, and that Pullman fares are one-third less, with no surcharge?

—that you are far safer on a railroad train than you are in your own home?

PIONEERING STILL GOES ON!

If all the research activities carried on by the American railroads were concentrated in one huge laboratory it would require an institution housing thousands of men and providing millions of square feet of floor space. Six railroads, two universities and ten supply companies alone, for example, maintain a permanent research personnel of about 1,000 people, engaged in such varied projects as Equipment Design, Metal Alloys, General Equipment Efficiency, Design and Performance of Signal Apparatus, Production Methods, Wood Decay, Metal Corrosion, Water Softening. Out of this pioneering endeavor come such devices as this track recorder, used to detect and chart track irregularities. In a car traveling 50 miles an hour, it records such useful information as: low joints, variations in gage, car body inclination, car body bounce—providing a constant check on safety and pointing the way to greater comfort.



ica goes forward!

IT IS certainly no news that America has been passing through a depression.

The railroads, like every other business in the land, have had their problems, and plenty of them.

And like every other enterprising American business, the railroads have faced those problems with honesty and patience, with resourcefulness, *most of all with determination to go ahead.*

A vast range and variety of betterments in railroad practice and equipment is the result — such betterments as air-conditioning, for example, which makes a railroad passenger car today the cleanest, quietest, most comfortable way to travel.

Conspicuous also is the notable

step-up in passenger schedules, to a point where many limited trains now *average* mile-a-minute speed. And freight transport also has been speeded up — an average of 43%.

But the real story of railroad enterprise is scarcely told by these figures, for it is a story of *speed with safety* unmatched by any other transportation in the world!

In its details it is, perhaps, an undramatic story — of light rails replaced by heavier ones — of roadbeds improved — of brakes and couplings bettered — of locomotives increased in power — of courageous investment matched by constant thrift in order that service might be maintained and even improved in the face of reduced revenues.

The big fact, however, stands clear: the American railroads today are *ready* as America goes ahead — ready to provide that indispensable reliability combined with adequate means and men to move tremendous tonnage, which a recovering nation demands.

EDGAR L. VAIL, executive, New York:
"When I step on a train, I know I'm going to get there, and in 99% of the cases I will be on time to the minute."



EARL I. CARMODY, salesman, New York:
"I've traveled a bit in the last five years, so I really had a chance to appreciate the progress railroads have made when I recently took a long trip. There's no comparison between train travel today and train travel five years ago."



MRS. BEATRICE MITCHELL, mother, Tulsa:
"Railroad men are so courteous and thoughtful that travel with children is no trouble at all these days."



MME. ERNESTINE SCHUMANN HEINK, opera singer:
"The only reason I am able to travel so often and so extensively is that the railroads are so comfortable. With room to move about at will you feel completely relaxed at the end of the journey."



ASSOCIATION OF AMERICAN RAILROADS

HEADQUARTERS: Transportation Building, Washington, D. C.

A Show Case

ARCHITECTS have long needed a reference library of the materials they use. Uncle Sam has gone somewhat modernistic in some of his furnishings and buildings. What more natural, then, than that he should have a reference library for samples of the many building materials used by his architects?

The Procurement Division of the Treasury—the office that designs and supervises the construction of governmental buildings—set aside a space in its office building for such a collection of materials. Then, having no money for this purpose, it invited building materials manufacturers to submit materials and funds.

The present result is probably the best collection of building materials ever assembled under one roof. The glazed brick, metal window, and other industries are finishing rooms to show their lines.

The materials are shown, without advertising, to building suppliers, architects, and the general public.

—W. L. H.



The aluminum room is the work of the aluminum industry in cooperation with the marble and plastic industries. Many uses of aluminum are shown

PHOTOGRAPHS BY
HORYDCZAK



The ceiling, above, like the rest of the wood room, is composed of panels of domestic woods



The fountain in the tile room, as also the sides and corners, is built to show samples and arrangements

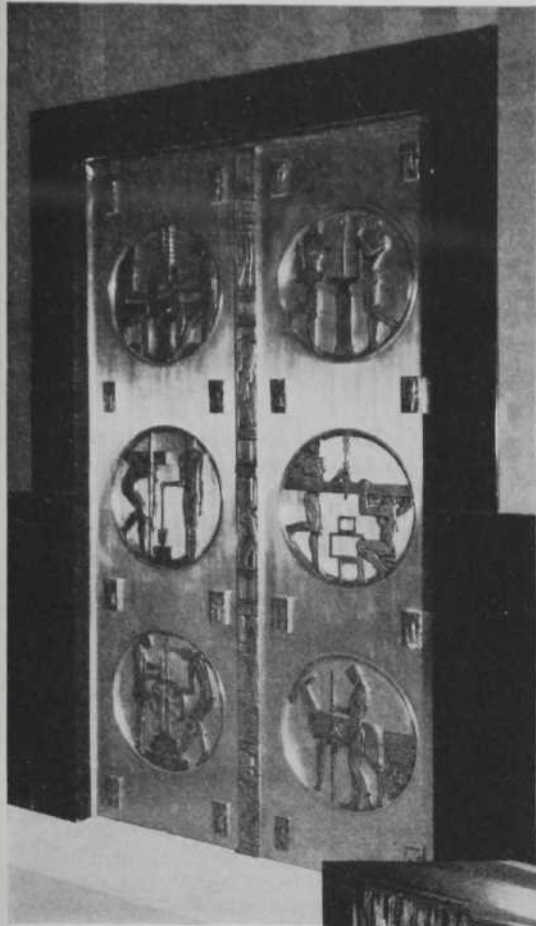


The entrance to the brick room. This room shows samples of brick made throughout the United States. The local color is an important feature in making specifications

for Architects



The ceiling, above, of the terra cotta room is made of acoustical tile. Floor is red quarry tile. Walls are hand and machine made tile in colors. This room shows terra cotta, acoustical materials and nickel alloys



These stainless steel elevator doors are a feature of the room devoted to stainless steel, structural glass, cork, and other products



The exterior stone room shows the full range of color of domestic and cast stone with varying finishes



The curtains, as well as the blinds and window frames, are here made of aluminum



Samples of honed or polished domestic marbles are used to panel the marble room. The floor is marble. The ceiling does not strike a discordant note, for it's acoustical tile

Trade Groups Show the Way

BY PHILIP P. GOTT

Manager, Trade Association Dept., U. S. Chamber of Commerce

SOME ONE has said that trade associations are the lubricants of our industrial mechanism. They lessen the friction of the parts, cause each cog to mesh more smoothly with its neighbor, insure the more efficient operation of the whole.

But just as different machines require different lubricants, so different industries require different types of associations and associational activities. Each industry has its peculiar problems, personalities, markets. Each requires its special lubricant, refined from its own knowledge of its problems, and compounded from the pooled experience of its members.

Attempt to prescribe by legislative fiat or other means a single program to synchronize the wheels of all industry and the works are soon gummed. The wheels are too many, the works too intricate and varied, the parts too delicately balanced. Let each industry develop and apply its own special lubricant to its sticking parts and they'll function more smoothly both in relation to themselves and to the industrial machinery of the nation, than they ever will under any economy planned in Washington.

Properly functioning, the trade association serves also to dissipate the accumulated inertia of time-worn and out-dated trade customs and habits, and to stir the wheels of industry into new activity. Or, if changing markets or cyclic declines stall those wheels, it is often as not the trade association which supplies the energizing force to start them again.

Aptness of these comparisons is shown by a few examples which also illustrate the complexities of industry's problems during the past few



THERE'S no King's Highway to business progress. Each trade builds its own road through trade association work

years and the effectiveness of self-developed solutions.

The convenient source is the recent American Trade Association Executives Award, given for outstanding achievement by a trade association in service to its own industry, to industrial development at large and to the public in the past three years. The achievements of the 28 trade associations which filed briefs in friendly competition for the Award were all recognized, but only the stories of the Award winner and the recipients of Certificates of Honor can be told here. Which is to cast no minimizing light on the jobs done by the others.

The bronze medallion emblematic of the Award went to the National Machine Tool Builders' Association, representing an industry which early

in 1934 faced problems as complex as any which have arisen since the Industrial Revolution. Many makers of the "machines that make machines" had not shipped a single new order for 12 months. In the first half of 1933 the index of machine tool orders, compiled by the Association, had dropped to less than 20 per cent of the average demand in 1926, a normal year. Most of the units in the industry had practically exhausted their reserves.

A slow recovery began in the fall of '33 but there was grave question whether it would continue. For four years executives in machine-tool using industries had repeatedly postponed installing needed equipment. In many cases bans had been placed on all capital investments.

Popular outcries had arisen against machines and the machine age. Technological advances were being blamed for unemployment. Demagogues were

fostering distrust of a social and economic order based upon mass production and made possible through the use of machinery.

Some means had to be found to start a movement toward modernization of equipment in machine-tool using establishments. The dam built by four years of depression had to be broken. Thinking people had to be brought to realize their dependence on machine tools and related machinery for all the comforts they enjoyed.

An industrial exposition was decided upon—a show which would present to the mechanical industries the great, though quiet advances in machine tool design and performance. An exhibit which would show them how modern equipment could cut

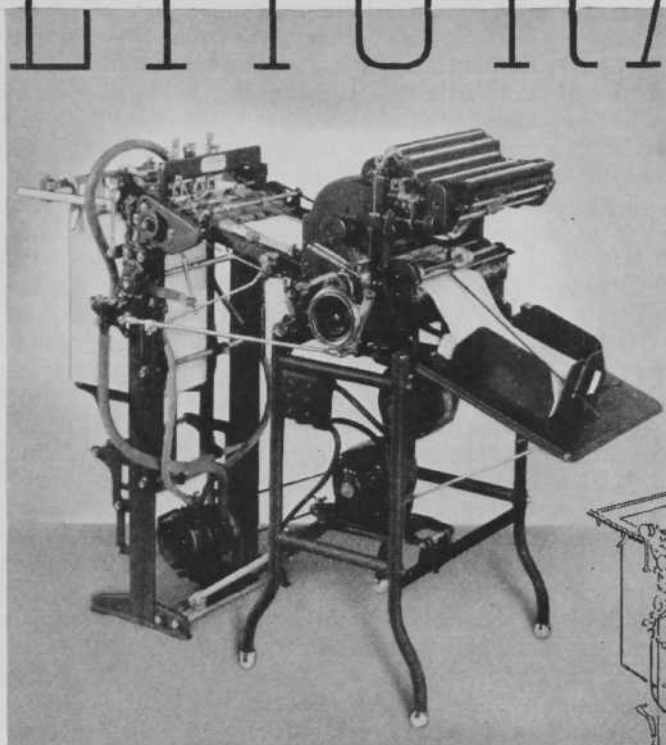
A NEW, BIGGER, BETTER more economical MULTIGRAPH

To keep pace with the demands of business for greater economy and wider diversification in office duplicating and printing, a new Multigraph of greatly expanded utility has been perfected and is now ready.

Designed for office use . . . and embodying many important improvements . . . the new Class 300 produces a greater variety and larger size of forms, advertising and sales literature in one or more colors, using many styles of type, electrotypes of line cuts and halftones. And when desired, it numbers and perforates forms, or produces multiple typewriting for sales-producing letters and other uses.

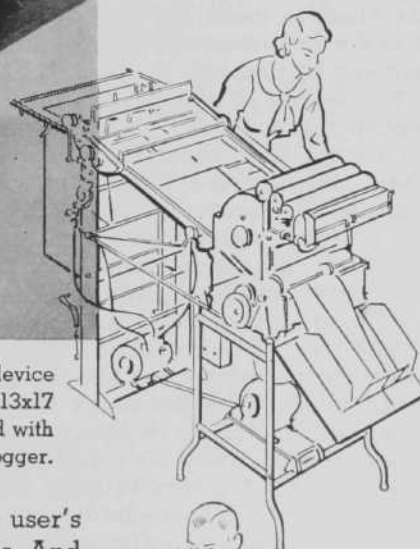
A versatile machine for active duty in *all* departments of business, this new Multigraph prints . . . at high speed . . . all varieties of office, store and factory stationery and forms . . . folders, broadsides, booklets, catalog pages . . . labels, wrappers, tags and similar jobs. It saves from 25% to 75% on production costs!

Wherever forms of any kind are used, the new Class 300 produces them easily,



The new Class 300 Heavy-Duty Multigraph . . . an office device that produces forms up to 12½x13½ inches on sheets up to 13x17 inches, at the rate of 4,500 per hour. Shown here equipped with automatic suction paper feeder and mechanical paper jogger.

...now ready with increased utility, increased output, greater savings, improved quality



quickly, economically . . . in the user's own office, by his own employees. And the quality of the work measures up to the high standards required by business.

A new folder describing the new Class 300 Multigraph and supplying information on its many uses will be sent on request. No obligation, of course.



MULTIGRAPH DIVISION
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CORPORATION
CLEVELAND • OHIO

Multigraph . . . AN ESSENTIAL OFFICE DEVICE

costs and prices and widen markets. A dramatic national event which would arrest the public's unsound thought upon the machine's part in the depression and provide a basis for the launching of a continuing educational effort to counteract the widespread anti-machine propaganda.

Plans went forward after a conference of the industry. A committee was placed in charge. Revenues from exhibit areas met the entire cost. After 13 months' preparation, the 1935 Machine Tool Show opened in Cleveland last fall.

Twelve hundred of the nation's industrial and financial leaders were on hand for the preview. Through the next ten days, 60,000 persons—and attendance was by invitation only—passed the turnstiles. Of this number, 28,000, by actual count, were executives responsible for installation of new equipment in their plants.

Machines that make machines

THESE visitors saw the exhibits of 238 machine tool builders. They saw a \$3,000,000 machine shop set up in the underground Exhibition Hall, a shop that contained more than 600 types of machines, all in operation. Machines to make the parts of milady's watch, machines to make the parts of battleships.

It was one of the largest single-industry expositions ever held and its results were equally impressive. From the time the Exposition was announced interest in new machine tools grew. Installations were accelerated and the index of machine tool orders bounded upward. When the Exposition opened it had reached 125.8—remember the low of 1933—and since that time it has tenaciously held to an average level above 100 to give the industry its largest volume of sustained activity since 1929.

Visitors carried back to their own plants not only an appreciation of the strides the machine tool industry had made but a renewed faith in the possibilities for similar advancement in their own industries.

News of the show and the mechanical wonders it contained were spread across newspaper and magazine pages. The story of the machine's part in our modern social and economic structure was well and widely told. It was the start of a continuing campaign of public education. As one phase of that campaign, for example, the Association employed the National Industrial Conference Board to compile statistics relating to the effect of mechanization on employment. The data showed that the use of machinery had caused new industries to be developed; that employment, wages and purchasing power

had increased and hours of labor had decreased since 1870.

The Exposition reached every objective set for it and, through the Exposition, the machine tool industry came back to life. As Secretary of Commerce Roper remarked in presenting the Award to the Machine Tool Builders' Association:

"The leaders in this Association did not wait for more favorable conditions. They set out to create favorable conditions through their own efforts, thus displaying that courage which should be typical of American business endeavors."

The problems that confronted another industry, whose association was numbered among the winners of Certificates of Honor, were of another cast entirely, though no less threatening. This was the tanning industry, supplier of shoe leather to America's millions and a large sharer in the better-than-a-billion dollars which those millions pay annually for footwear.

These problems were a by-product of the 1934 drought and the Government's drought-aid slaughter of 8,000,000 cattle and 3,500,000 sheep. That slaughter meant an enormous excess supply of hides and skins which threatened to demoralize the tanning industry, create terrific losses and adversely affect labor in the industry, agriculture and consumers of shoes. Immediate action was necessary to gauge the consequences of the program and to formulate measures which would stabilize raw materials markets and mitigate the effects of a future shortage.

The Tanners' Council of America named a committee which conferred with government authorities to evolve plans for systematic and orderly marketing of the abnormal hide supplies. Upon the basis of this plan, the Government withheld excess hides from commercial channels from September, 1934, through 1935. Meanwhile the Council's Hide Bureau made a country-wide investigation of the quality of the drought hides which enabled tanners to formulate policies with greater assurance.

These efforts aided in stabilizing market values and averted losses and unemployment in the leather and shoe industries. They also prevented an acute future shortage of raw material, maintained reasonable price levels and avoided the possible consequences to consumers of wildly fluctuating prices. When finally the Government did begin marketing the hides it was with full consideration of the economics of the market.

Less spectacular, but no less useful, have been some of the Council's other activities—its work in administering the industry's Recovery Act

code at no additional cost to members, its part in the voluntary maintenance by the tanning industry of all code principles after that Act was voided, its practical research program to develop basic economic facts and statistics affecting the industry, and the regional Tanners' Economic Conferences through which members are acquainted with those findings and how to apply them.

Fertilizer helps itself

FROM hides to fertilizer is no long jump, and it was upon a phase of its own Recovery Act code that the National Fertilizer Association won its A. T. A. E. Certificate of Honor. The industry which the Association represented, like the machine tool and tanning industries, had faced critical problems. While yearly sales volume in 1929 and 1930 reached record averages of more than 8,000,000 tons, vicious competition eliminated profits and created losses. Then, with farm income declining precipitately, fertilizer sales fell from all-time highs to, in 1932, a 20-year low of 4,400,000 tons. Losses grew. Scores of fertilizer producers were driven into bankruptcy.

Passage of the Recovery Act brought a ray of hope. Working largely through its Association, the industry drafted and adopted a code. Written large in that code was an open price filing provision. It required the industry's 800-odd producers to adhere to their published prices and terms, but allowed these to be changed after ten days' notice.

Other provisions sought other objectives—better labor conditions, improved products and so on—but it was the open price filing plan which, in the words of the Association, "enabled the fertilizer industry to earn approximately \$20,000,000 which probably it would not have earned otherwise."

Small wonder then that the Association was and is sold on open pricing, even though the code plan to that end fell with the Recovery Act. It still sees open pricing as "reducing unfair competition, promoting fair exchange of commodities, aiding the public . . . to get its goods at reasonable prices with reasonable compensation to distributors and only reasonable profits to producers under conditions of efficient operation."

Its plan, the Association believes, demonstrated the value of open pricing to other industries. So far as its own industry is concerned, benefits "are still evident." Seeking to preserve those benefits, the Association has formulated a substitute service, based upon fair trade practice rules and trade practice conference proce-



Merry Christmas

Holiday packages are making Christmas a merry and profitable season for more and more manufacturers every year. NOW is none too soon to plan *your* package. You have the product. We have the designers and the craftsmen to make your holiday merchandise successful. Let's get together.

AMERICAN CAN COMPANY

250 PARK AVENUE • NEW YORK, N. Y.

ture, which has been laid before the Federal Trade Commission.

Turn now to a wholly different group, but one which also faced its perilous days—the savings, building and loan institutions, representing, in the words of their association, the United States Building and Loan League, “the keystone in the arch of the home mortgage structure.”

Mobilization of the 11,000 scattered units of this business into something like a coordinated system became imperative as the depression deepened and the need for additional funds for home financing became more evident. As a result, permanent forms of financial cooperation were set up through legislation, namely, the Federal Home Loan Bank system, which functions as a reserve system, and

the Federal Savings and Loan Insurance Corporation, which guarantees building and loan investors against loss. To quote again:

“Both plans originated with the League, were sponsored by the League in Congress and have received the support of the League.”

Another measure for which the League claims credit was the emergency legislation which permitted investment of government funds in building and loan shares, thereby enabling the associations to speed their resumption of lending.

But these were only two phases of the League's work. Another having to do with legislation was the drawing of a model state code, major points of which are gradually being adopted by the various legislatures.

Other activities included initiation of monthly loan reporting system, an informational service, educational courses, improvement of advertising and public relations, development of a standard accounting system, fostering of professional standards and training in the appraising of home properties, and development of improved methods of lending.

A contribution to stability

IN THE aggregate these activities, the League believes, enabled its member associations “to keep on as private lending institutions, proving the worth of their plan and the practicability of their service in the face of a public minded to seek government aid everywhere.” In so doing, they and the League have made “a contribution to the stability of our form of economics and politics.”

But while other industries were riding out ill winds, at least one industry was finding some good in them. This was the dry milk industry. Working through the American Dry Milk Institute, this industry had had considerable experience in opening new markets for its product by discovering new uses for it—a school lunch bread which used 12 per cent non-fat milk solids, a rye bread which opened the way for use of eight to 12 million pounds of dry milk solids annually, cakes and cereals embodying dry milk solids, and so on.

Finally, out of a \$600 research project, came still another new product, packaged dry milk solids. Having discovered it, the Institute promoted it. It promoted it to the Government as an excellent food for relief families. The Government listened, tested and bought. Its purchases totalled 15,749,000 pounds in 1935 having at least a \$2,000,000 value.

Thus \$600 worth of research, the Institute points out with pardonable pride, created an entirely new sales outlet and brought Institute members “a direct monetary return sufficient to pay all costs of the Institute program for 20 years.”

Under that program of balanced market development, according to the Institute, the industry has retained its old markets while developing new ones, has stabilized marketing procedure, improved incomes of both dairy farmers and its own members, and widened service to consumers.

It was still another kind of market promotion which won a Certificate of Honor for the American Institute of Steel Construction. Research played its part here, too—research leading to the simplification and standardization of structural steel shapes and of design and construction methods.

(Continued on page 66)

From a Business Man's Scratch Pad . . . No. 4



ON THE WALDORF-ASTORIA ROOF... FAR ABOVE NEW YORK. In the cool and charming Starlight Roof, worry and rush are quickly forgotten as the guests enjoy the entertainment and dancing and revel in delicious foods. Here again Camels are the preferred cigarette. The *maitre d'hôtel* of the Starlight Roof—René Black—says: "I see Camels everywhere on our tables. Camels are the favorite at the Starlight Roof."

MRS. FRANK SMITH, typical homemaker, says: "When I smoke Camels at mealtime, my digestion works smoothly."

JOHNNY REVOLTA says: "No matter what I eat, or where, Camels make my meals digest better."

© 1936, R. J. Reynolds Tob. Co., Winston-Salem, N. C.

Let Camels add to your Enjoyment... and "For Digestion's sake—smoke Camels"



COMMANDER GEORGE M. DYOTT, explorer, who has existed on difficult jungle diets, says: "Smoking Camels is good for my digestion. Food tastes better—digests easier."



**COSTLIER
TOBACCOS!**

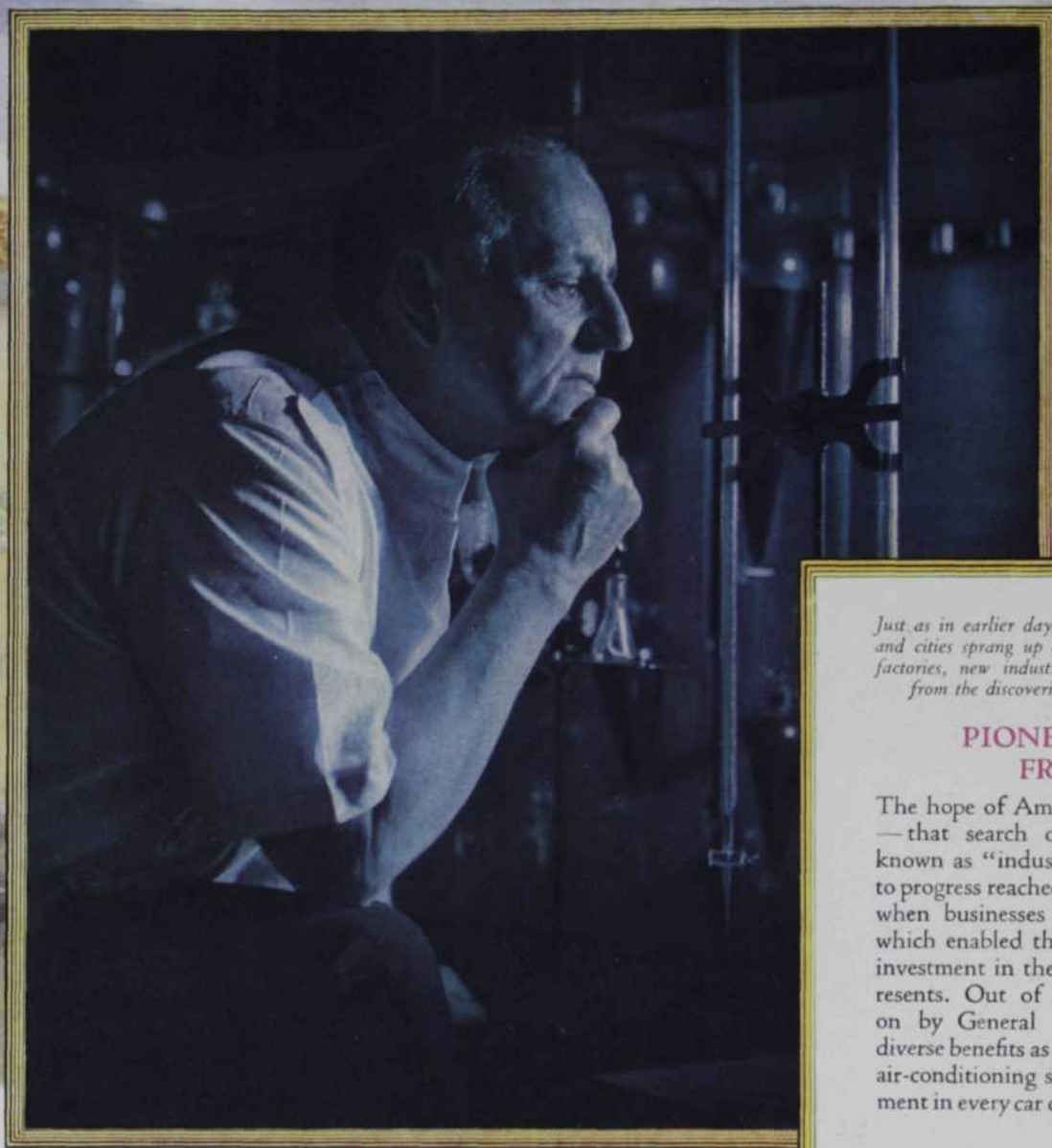
In smoking Camels between courses and after meals, you make this agreeable discovery: Camels stimulate the digestive process.

A richer flow of digestive fluids occurs, thanks to Camels. Camels offset the effects of nervousness and strain, which slow down this activity. You feel a cheering "lift," a sense of well-being.

Big Bill Tilden, Helen Hicks, Lou Gehrig, Helene Madison — all smoke Camels. Camels never upset your nerves or tire your taste. Camels set you right!

CAMELS ARE MADE FROM FINER, MORE EXPENSIVE TOBACCOS—TURKISH AND DOMESTIC—THAN ANY OTHER POPULAR BRAND.

WHO SERVES PROGR



Just as in earlier days settlers followed explorers, homes and cities sprang up along the trails they blazed — new factories, new industries and new employment spring from the discoveries of industrial research today.

PIONEERING NEW FRONTIERS

The hope of America still lies in exploration — that search of the frontiers of science known as “industrial research.” This service to progress reached its most effective stage only when businesses in America grew to a size which enabled them to finance the long-time investment in the future that such work represents. Out of such pioneering, as carried on by General Motors, have grown such diverse benefits as Diesel-powered locomotives, air-conditioning systems, and steady improvement in every car of the General Motors family.

Just stop and think: you can buy a better automobile today for twenty-five cents a pound than could be bought for two dollars a pound twenty years ago.

Thanks to quantity production, you can

buy a better automobile for a few hundred dollars today than you could buy for tens of thousands of dollars if that car were made entirely by hand.

Values like these are testimonials not sim-

YOUR MONEY GOES FARTHER

CHEVROLET PONTIAC OLDSMOBILE

ESS SERVES AMERICA!



ply to great resources in business, but to resources serviceably employed. And no one knows better the advantages to the average man of large-scale operation than the people who buy General Motors cars.

Steadily, over a generation, our products and our values have advanced by pacemaking strides. That is because General Motors, as a public-minded institution, aims to serve its own future by serving progress in the interest of all.

IN A GENERAL GM MOTORS CAR



BUICK LA SALLE CADILLAC



A beautiful color reproduction of above painting, for framing, FREE on request

THEN PRINCESS SONIA ATE GRAPEFRUIT

- Glittering royalty . . . barbaric Tartars . . . gathered breathlessly about the regal banquet table. The Princess Sonia is served . . . *grapefruit!* A delicacy unheard of in this mountain fastness. Brought thousands of miles by ship, by train, by sledge, *in a can!* What great wealth and power could not heretofore command, Glidden laboratory skill and science have helped make possible.
- The introduction of food preservation through *canning*, has changed the eating habits of the world. Hawaii now goes to Hudson Bay! Texas goes to Russia!
- Glidden technical men, directly associated with Glidden-owned Durkee Famous Foods—

have pioneered in today's methods of preserving foods. And Glidden's development and production of lacquer linings for cans has become an outstanding achievement in the chemistry of surface coatings, opening new international markets.

- But Glidden today is far more than a maker of quality paints, varnishes, and lacquers. It is a progressively important factor in the life of American business. And scores of industries have learned that the pioneering spirit animating Glidden activities, can be successfully and profitably turned to their own advantage.

GLIDDEN
Everywhere on Everything

THE GLIDDEN COMPANY • Cleveland, O.

The Glidden Company, manufacturing Jap-A-Lac, Speed-Wall, Ripolin, Florenamel, Endurance House Paint, Glidden Spar Varnish, and a complete line of home and industrial paints, varnishes, lacquers, enamels. • Also owning and operating the following: Euston Lead Division, manufacturing Euston White Lead. • Durkee Famous Foods Division, manufacturing Durkee's Famous Dressing, Dunham's Coconut, Durkee's Margarine, Durkee's Spices, Durkee's Shortening, Durkee's Worcestershire Sauce, etc. • Chemical & Pigment Division, manufacturing Astrolith and Sunolith Lithopones, Cadmium Reds and Yellows, Titanolith, Titanium Dioxide. • Metals Refining Division, manufacturing MRCO Grid Metal, Mixed Metal, Wilke's Type Metal, Metrox Red Lead, Cuprous Oxide, Copper Powder, Litharge. • Soya Bean Division, manufacturing Lecithin, Soya Bean Meal, Oil, Flour and Protein. • Nello-Resin Division, manufacturing Nello-Resin and Naval Stores.

The Paradox of Tax Reform

BY E. S. DUFFIELD

FOR A CERTAIN small printing company the passage of the Revenue Act of 1936 was a catastrophe—a catastrophe for the company itself, for the persons who invested in its stock, for other companies who hoped to sell it supplies, and for workers who expected to get jobs with it. Because of the new Revenue Act they are all losers. Only the tax collector gains.

The troublesome future ahead for this company is not unique. A similar one confronts, in greater or smaller degree, many thousands of corporations in America, especially medium-sized companies making up the rank and file of industry and commerce. When the Administration and Congress set up their new tax law, they thought they were aiming at big corporations and the "incorporated pocketbooks" of rich men, but actually they have hit the medium-sized corporations. Their plight is epitomized by the printing company.

It has been in business almost 50 years. In 1931 it began to run into losses which piled up until its current liabilities exceeded assets. To continue operations it had to obtain bank loans and mortgage its property. Gradually it reduced its indebtedness, recently paying off its mortgage.

When the Revenue Act of 1936 was enacted, this company was just getting its head above water. It could begin to use further earnings to overhaul and restore its plant, expand employment, and lay away a working capital fund with which to safeguard itself against future reverses. It was netting about \$100,000 a year, and, after rehabilitating itself by plowing back its earnings for a few years, it would be able to resume dividend payments to its stockholders. Employees and investors would have had the assurance that their corporation, having weathered one storm, had built back its own strength so that it could go through another period of trouble.

And then came the new tax law. That law imposes \$17,060 penalty on the corporation for carrying out its necessary rehabilitation program, a program which would have meant more employment, more business for heavy industries, and a strengthened corporation. Had the Revenue Act of 1936 not been passed, the corpora-

tion's Federal income tax this year would have been \$14,440. The new law raises it to \$31,500, a jump of \$17,060 or 118 per cent provided the corporation retains, as its condition requires, its earnings for rehabilitation instead of paying them out as dividends.

Normal business postponed

ALMOST all of the \$68,500 of its earnings which will remain after paying its new income tax will have to go to build up its working capital. The day when it can recondition its plant, buy needed machinery, hire more men, and resume dividend payments is just \$17,060 farther away. Buying new machinery is particularly difficult because any money set aside for that purpose is subject to the new undistributed earnings tax so that a \$10,000 piece of machinery, plus the undistributed earnings tax, costs a minimum of \$10,874, or nearly nine per cent more, if it retains only the amount necessary for the purchase. If, however, in addition to retaining for the machinery it has to retain some for other purposes, the machinery, in fact, costs still more.

For everybody concerned with this corporation—or almost any other corporation—the new tax law has meant a net loss. The company must continue working with a run-down plant. The factory which might have sold its new machinery loses an order. Workers who might have been reemployed by the printing company and the machinery factory stay on relief. Stockholders must go without dividends a little longer. Employees and investors will not have the assurance that the company is in position actually to maintain or increase its earnings or to ride out another storm. Nobody gains but the tax collector.

That is the unvarnished truth

THE Revenue Act of 1936, besides increasing the load of businesses already overburdened, deals blows capriciously on the little business man

about the Revenue Act of 1936. It drains away the stamina of American business. It benefits no one but the tax-spenders. It is the most stupendous single grab which the Government has ever made of corporation earnings. It sets a new all-time, all-American high-jump record in the field of taxation.

It was wangled through Congress as a sort of "share-the-corporate-wealth" plan with the inference that it would produce hundreds of millions of dollars from some vast hoard. But, if it produces any millions, most of them will go into the dead hand of the tax collector. Only the very small corporation owned by a few people or the very large corporation powerful enough to pay out dividends without injuring itself can find any consolation in the new law.

Its attempted justification was that—by a process akin to sinking the ship to drown the rats—it would end tax avoidance by wealthy persons, uproot personal holding companies, and give small businesses advantage over giant competitors.

Such claims are greatly exaggerated or wholly false. A man who might be subject to taxes upon an income of \$100,000 or more can still minimize surtaxes by leaving funds in some corporation. Most ironic of all, those large corporations, those citadels of "entrenched economic power," which were to be breached by the tax onslaught probably will find that the tax law has improved their entrenchment. Although it really saps the strength of business, the new law operates to give an advantage to the strong over the weak, to the established over the newcomer, and to the unencumbered over the debt burdened. An example will show why.

A rich newspaper, holding unquestioned dominance in its area, was opposing the new tax law while it

was in Congress. One day the editorial board chided the publisher, arguing that, because the company was one of those lucrative, closely held corporations at which the tax bill was aimed, opposition to the new undistributed earnings tax was obviously for a selfish reason.

The next day the publisher came to the meeting of the editorial board with his answer. Under his arm was a report from the accounting department showing that the newspaper had established itself by plowing back its net earnings during early years. For a long time every nickel of profits went back into improvements. As the company gradually built its own ladder of success, it was able to reduce the percentage of net earnings for expansion from 100 to 75 and then to 40 and finally to a nominal figure.

The process of thrift and reinvestment by which this newspaper had earned its commanding position is the same one followed by almost every other industrial leader in America.

The Government, the publisher pointed out to his editorial board, was now planning to penalize that process. No competitor could hope to climb up the road to success that this newspaper had traversed without paying a crippling toll to the tax collector. What the tax bill then pending in Congress amounted to was as good a guarantee against powerful competition as this newspaper could desire. It could sit back and watch the Government fortify its position for it. It didn't. It kept up the fight against the tax bill.

Big, dominant corporations in other industrial fields, although their taxes were being increased, could look forward to a competitive gain under the tax bill, yet they fought it. Now that it is on the statute books, it is a millstone around the necks of their small competitors.

Suppose, for instance, a corporation with a \$100,000 net income and its big competitor with a \$1,000,000 net income each want to set aside \$50,000 from current income for plant

improvement. The little corporation under the new law pays an undistributed earnings tax, exclusive of the normal tax, of \$10,820, leaving it only \$39,180 to spend. The larger corporation pays a supertax of only \$3,500 for the privilege of withholding an equal amount.

Tax hits the small concern

THERE is a medium-sized corporation which was organized in 1934 and which has as its chief competitor a large company manufacturing 90 or 95 per cent of the total output in that field. In order to place itself in position to compete with the large established corporation the new company has to plow back its earnings, improving its credit standing by building up its working capital and continually perfecting its plant. If it should now have to declare out much or all of its earnings as dividends in order to reduce or avoid the undistributed earnings supertax, its growth would be stopped and its future jeopardized. On the other hand, retaining its earnings for financial or other reasons means paying income taxes at the rate of 31.5 per cent, while its large competitor, which is so well entrenched that it can afford to pay out all or almost all its earnings as dividends, will pay income taxes at the rate of about 15 per cent.

Any corporation which wants to retain earnings for any reason, whether to pay debts, improve its plant, or make up for the depletion from early losses, is placed by the new law at a competitive disadvantage.

Coming as the depression recedes, the tax law hamstringing indebted corporations just as they are beginning to be able to pay off their debts. A corporation with a bank loan or a mortgage of \$40,000 and a small net income of \$50,000 this year could have paid off its debt under the old tax laws and had money to spare. Under the new law the tax collector will take so much more that the debt cannot be liquidated this year.

Similarly a corporation which is trying to restore the ravages which its working capital and surplus funds have suffered during the depression is now heavily handicapped. The "cushion" upon which it would rely to break the shock of future bad times will have most of its feathers removed by the tax collector, and the length of time necessary to restore this cushion will be prolonged, in some cases by several years.

By contrast, corporations like Chrysler motor company are very well situated. Between 1930 and 1932 Chrysler incurred losses which aggregated \$29,400,000. Since that time it

(Continued on page 68)



CARLISLE IN "HERALD TRIBUNE"

"It'd be risky enough if he could see what he was doing" the cartoonist thought, and, as little business learns while it feels the ax, the Congressional aim was bad

My Boss Calls it
"EFFICIENCY
by the
MILE!"



EFFICIENCY...

Think of taking all your related office forms (a dozen if you like) and combining them in that single ingenious unit called Fanfold!

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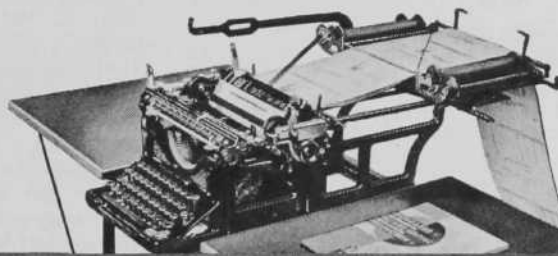
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UNDERWOOD ELLIOTT FISHER

Fanfold Machines

Business Highlights and Sidelights . . .

Big Business in Sport

A GOOD sportsman is not without honor in his own country. Seven years ago the American people were spending a billion dollars a year on sports and recreation.

Cut in two by the depression, this spending is again moving toward its prosperity peak.

As reported by the New York Trust Company, the billion dollar figure included the following items:

Expenditures on sporting and athletic goods	\$500,000,000
Dues to social and athletic clubs	125,000,000
Gross income of amusement places, other than theatres	175,000,000
College football admissions	21,500,000
Expenditures at commercial and other camps	47,000,000
Hunting and fishing licenses	12,000,000
Governmental expenditures on parks and recreation	193,000,000
Total	\$1,073,500,000

Although fishing, billiards and bowling, ping pong and trap-shooting, each with more than 5,000,000 followers, are said to be the most popular sports, golf is rated the most expensive of those with a large mass following. Annual outlay of golfers in equipment, club dues and caddy fees amounts to about 15 per cent of the total national sport bill.

Football is said to follow golf from the expense angle, with tennis, bowling, fishing and hunting, bicycling, due to the large number of devotees, also representing heavy annual outlays.

Patents and Inventions

ONE hundred years ago, July 4, 1836, the system of granting patents by examination of each application was established in the United States. Patents had been granted by the Federal Government as far back as 1790. Issues under the Act of 1836 have passed 2,040,000. Patents issued by the Colonies date back three hundred years—the first a grant in 1641 by the General Court of Massachusetts Bay Colony to Samuel Winslow for making salt.

"The history of patents," says the Industrial Bulletin of Arthur D. Little, Inc., "may be traced still further to a considerably earlier date in England. But as we go back historically from the last century or so, we find that the patents show less and less invention and disclosure, and an increasing degree of merely monopolistic grants of rights to manufacture and sell various

products which may not have involved any invention at all on the part of the grantee."

How to keep the patent channels free of congestion is the problem tackled by a special committee of the President's Science Advisory Board. Present difficulties are traced to three basic causes:

The first defect arises by reason of the issuance by the Patent Office of an enormous number of patents, many of which should never be issued, due primarily to an unduly low standard of invention.

The second defect has to do with the excessive cost and delay in the litigation of patents, by reason of the present system of appeals.

The third results from the difficulty met by the courts in handling scientific or technical questions without competent non-partisan assistance.

Recommendations toward improvement include publication of patents in the Official Gazette of the Patent Office as a means to eliminate thousands of duplications of old ideas and such litigation at the source; creation of a patents court with judges qualified in technology as well as in law; a corps of specially trained advisers; and a tax on all patents, the amount to be increased annually as a way of eliminating "dormant" patents through tax delinquency. As for the proposal to abolish the patent system altogether, the committee believes that the demonstrated benefits of the system argue salvation by reform.

Ex-slum Dwellers

Of 225 Cleveland families who had to move to make way for a PWA housing project 94 per cent of the negro families and 74 per cent of the white families settled within a mile of their former homes. On a second project 84 per cent of the families relocated within a mile of their previous residences. Ninety-five per cent of the negro families—who move shorter distances than do white families—relocated within a mile of where they had previously lived.

The Alley Dwelling Authority of the District of Columbia reports that it recently studied the movements of approximately 50 West End families that were dispossessed because their dwellings had been marked for demolition. Only seven families left the neighborhood.

In moving 1,115 families to make way for a slum-clearance project, Cincinnati found that between 85 and 90 per cent remained "downtown," that is, in their

old neighborhood. Most of these families now are housed about as they were before the relocation.

They do not scatter throughout the city to their own disadvantage or to the detriment of established residential districts, according to reports made by agencies in several cities to the National Association of Housing Officials. Often their living conditions are improved, even though there is no new low-rent housing project to which they can move.

Taxes in Terms of Pay

HOW many workers' pay envelopes would it take to equal the taxes paid by their employers? A suggestive answer is at hand in the report that the tax bill of 127 steel companies—representing 90 per cent of the American industry on the basis of production—was equivalent to a full year's pay for 57,360 employees. Putting it another way, it was equal to \$133, or more than five weeks' average pay for each worker on the pay rolls last year.

For the year a total of almost \$73,000,000 in taxes was paid by the industry to federal, state and local governments. Another suggestive fact is that taxes paid by the 127 companies were larger by a substantial margin than their earnings which were only \$62,961,961. Moreover, taxes were nearly double the total of \$38,926,401 paid by those companies in dividends to their stockholders.

Benefits, Incorporated

CORPORATIONS, said Sir Edward Coke, cannot commit treason, nor be outlawed nor excommunicated, for they have no souls. Whatever their limitations and immunities, their positive usefulness is championed in our own times by Lindsay Russell, North Carolinian born and bred, and long a counselor to Michigan and New York corporations. Now retired, he sifts experience and observation to conclusion.

Since the world began man has devised only two ways to mobilize wealth. One is Government conscription and the other is Corporate subscription. One system is voluntary, the other compulsory.

In 1862 by the Companies Act the British Parliament removed the double liability, and thereby made stocks inviting to investors. Until then Corporations could not raise adequate capital! Until then there was no mass employment, save in Armies; until then there was no mass production save through slaves. In 1862 there was not a single factory in the United States employing more than 300 men, except perhaps in New England.

Do the people of the United States (he asks) want to regulate or destroy our present economic system? Do we want to go back to a system which lacked initiative, which did not produce inventors, and, in the inherent nature of things, cannot give business management or continuity of management?

Riots are sharp and decisive, and destroy factories and fortunes, which can be replaced; but uneconomic and unjust laws or unsettled policies are a lingering disease, which chills credit, and kills the very spirit of enterprise and adventure upon which all progress depends.

CHEVROLET OWNERSHIP

...A state of complete motoring satisfaction!



There is a new state in America today. It's the state of *complete motoring satisfaction*. And almost a million owners of 1936 Chevrolet cars will tell you that Chevrolet created it!

It's a very pleasant state to be in, because these owners of the *only complete low-priced car* enjoy many motoring advantages which are reserved for them alone.

Chevrolet promised them that this would be true, on the day the 1936 Chevrolet was introduced. They believed—and bought Chevrolets. And now they are telling friend after friend that Chevrolet is the outstanding value in the low-price field.

Of course, you know why Chevrolet owners are getting

so much extra pleasure and so much extra satisfaction out of their motor car investments.

It's because Chevrolet is, in reality, the *only complete low-priced car*... because it alone brings to its owners the comfort, safety and performance advantages of New Perfected Hydraulic Brakes, Solid Steel one-piece Turret Top, Knee-Action Gliding Ride*, Genuine Fisher No Draft Ventilation, High-Compression Valve-in-Head Engine, and Shockproof Steering*... all at Chevrolet's low prices and with Chevrolet's low operating costs.

Chevrolet cordially invites *you* to enter this state of complete motoring satisfaction this summer by placing your order for a 1936 Chevrolet.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

GENERAL MOTORS INSTALLMENT PLAN—MONTHLY PAYMENTS TO SUIT YOUR PURSE

*Available in Master De Luxe models only. Knee-Action, \$20 additional.

*It's a pleasure to own
The only complete low-priced car*

A GENERAL MOTORS VALUE

WE QUIT FREEZING

—and saved 28%
on our fuel bill



when we installed
Iron Fireman



Wm. A. Volk, Manager,
Atlanta Economy Drug
Company.

HERE is a case where a building was designed as a warehouse and a heating plant was planned accordingly. Shipping and handling force could keep warm but the office workers were uncomfortable all winter. The management changed types of coal and changed firemen but the plant would not heat the building to office requirements. Then an Iron Fireman automatic coal burner was installed. The same heating plant now provides abundant warmth and fuel bills show a reduction of 28%.

In 1934, Mr. Volk installed an Iron Fireman in his home because of his extreme satisfaction with Iron Fireman performance in his business.

Mr. Volk's case represents the universal experience of Iron Fireman users. The reason is that Iron Fireman cuts fuel bills; it supplies self-regulating mellow warmth; it cuts firing costs; it is clean, efficient and convenient.

Ask for a free survey and estimate on an Iron Fireman installation in your heating plant. A phone call to your dealer or a letter to the Iron Fireman Mfg. Company at 3054 W. 106th Street, Cleveland, Ohio, will get prompt action.



Left: Atlanta Economy Drug Co., Atlanta, Ga., where Iron Fireman provides adequate heat and cut fuel costs 28%.

Right: The Wm. A. Volk residence is also Iron Fireman equipped.



IRON FIREMAN

AUTOMATIC COAL FIRING



The famous Iron Fireman symbol identifies genuine Iron Fireman automatic coal firing equipment in all sizes up to industrial boilers developing 500 horsepower.

Does Healey Act Mean Another NRA?

(Continued from page 26)

lating to wages in his locality. The law does not limit these summonses to witnesses whose testimony is needed in connection with labor stipulations in a contract.

If there has been an allegation of non-compliance and the investigation in fact relates to a question of non-compliance, there is nothing in the bill which requires that the contractor is to receive any notice while the investigation is going on. The Secretary's representatives may listen only to disgruntled employees or disappointed competitors, and solely upon their testimony, untested by such cross-examination as the contractor could give and unaccompanied by testimony from the contractor, the report may go to the Secretary.

It is only when the Secretary contemplates making findings that are to be conclusive upon all agencies of the United States that the bill makes a minimum and adequate provision for notice and hearing. There is not even assurance that the contractor will be notified of the complete case against him or the testimony upon which it is based.

In justification of the extensive authority given to the Secretary in administration of this law, officials say that no secretary would abuse that authority with thoughtless or unreasonable regulations. It is not thought that there will be any attempt to "crack down" along a broad front, although potentialities for such are provided in the statute. One government official, more frank than the rest, said that the Secretary will doubtless apply the law only to a few in which she has a peculiar interest in readjusting hours and regulations. He suggested textiles. Steel is another that is thought to be under surveillance.

Government purchasing agents report that with one or two exceptions, they have had very little complaint of "chiseling." It is not thought that the Secretary will go beyond those exceptions in "determining" the prevailing wage scale, yet a usually well-informed source says that eventually the Government hopes to draw up regulations for each industry that sells goods to the Government.

It is also true the word "subcontractor" was deliberately stricken from the bill so that only primary contractors are concerned. But paragraph (e) of Section 1, states plainly that no part of a contract shall be performed under unsanitary or hazardous working conditions, and raises a question as to whether or not it conflicts with the rest of the Act. True enough, compliance with the local state laws concerning safety and sanitary measures is evidence of acquiescence to these particular provisions of the Act, but possibilities of

litigation over this phrase are easily discernible.

An official of an Association, most of whose members will be affected by the Act, raises the point too, that the phrase "all persons employed by the contractor" might possibly be interpreted to refer to subcontractors.

Other interpretations must be made of the stipulation that the Act shall not apply to purchases of such materials, supplies, articles, or equipment as may usually be bought in the open market. One purchasing agent said it meant any purchase under \$50. Another said that any standard item was an open market purchase. Labor Department officials hold that the term applies only to goods on the floor or already in existence.

The Act may be avoided

THE \$10,000 exemption, too, offers possibilities for evasion if a purchasing agent does not hold to the spirit of the Act. What is to prevent him from breaking up many of his contracts into dribbles?

The harassment to Government as well as to business, if this Act were to be enforced to the limit of its possibilities, is considerable. The harassment of the Government is shown in the testimony of Capt. Van Patten given at the hearings last March:

I fear the complications which will arise and the administrative difficulties in administering anything so complicated.

We admit lumber from all sections of the United States—Douglas fir, hemlock, spruce and southern pine. If our schedule of advertisement must carry the wages prevailing in those various producing areas and the maximum hours of labor, the schedule will be so voluminous, I am afraid we will never get our lumber.

I am also aware of the fact, from my experience here, that since NRA's demise, industry generally has supported the code hours to a surprising extent; that is, the major industries. We have had no evidence of major "chiseling" or so-called sweat-shop work, because we do not purchase manufactured garments to any extent. . . . In my opinion, we will set up a class of Navy shops in which we will have to pay a tremendous premium for these imposed conditions, if the board appointed under this bill should try to impose conditions which were not acceptable to industry.

In addition to the further entanglement of government purchases the question of higher costs is involved. If this Act were administered so strictly that manufacturers would become irritated at the restrictions placed upon them, it is not difficult to believe that one or two contractors in each industry might soon have the

field to themselves and bid accordingly. The possibility of the Government's making its own supplies has already been discussed. Friends of the Act say that the section giving the Secretary permission to make exceptions when the Government's business is impaired will prevent any one contractor from obtaining a monopoly. Under that provision the head of a purchasing division may make application asking for exceptions in specific cases when justice or public interest will be served thereby.

One business executive stated that in order to meet the stipulations of the Healey Act he would have to set up two sets of workers—one working on government materials and the other on commercial contracts. Obviously that wouldn't work out, so he would quit bidding on government work. The ten per cent of his men working on government contracts would therefore be let out.

Business men are wondering just how wage differentials will be established. Secretary Perkins is on record as believing there is little difference in the efficiency of workers in different localities. In a statement before the subcommittee she said:

I do not believe we shall continue long in this country to find it necessary to discuss difference in working efficiency between the North and South.

Business men may wonder just how much effect that opinion will have in determining wage scales.

Labor Department officials stress the point that the Secretary has no power to set wages. She may only "determine" the prevailing wages in the locality. They state that the unskilled labor rate will be used as a base and no attempt will be made to determine skilled labor wages. The question then that immediately pops into the mind of employers is, will the union minimum wage scale be the one "determined" as prevailing in that locality?

Another interesting question is how will the prevailing wage be determined when there is only one factory in a locality making a particular product? Perhaps the answer to that can be found in the regulations reproduced on page 26 which govern the Bacon-Davis Act.

Contractors who operate on a piece work basis or in industries that demand more than a 40 hour week will have to get a special ruling before they can bid on government work. According to a Labor Department official, it will be necessary for them to get a permit from the Secretary through the Purchasing Agent with whom they do business.

Difficulty of enforcement is another factor that will cause business men to hesitate before accepting a

contract. After their NRA experience reliable contractors who want to live up to the spirit of the law are not going to be happy over the thought of another contractor taking a job away from them by beating the wage and hour stipulations of this Act.

In his testimony before the Committee, Wilson Compton, representing the National Lumber Manufacturers Association said:

No one will deny the soundness of fair labor and employment standards. But there are many who will deny that the way to accomplish that objective is to put into the statutes unenforceable legislation which will bind only those who will not or cannot hide behind evasions, concealments, or subterfuges. We are having a hard enough time already with the various efforts to fortify fair competition within our own industry. Notwithstanding its constructive objectives, the code gave a set-back to the industry's progress toward fair competition. Ingenious, usually furtive, and often unscrupulous evasions did that to a code which, to start with, had almost universal industry support and also had available, presumably, the entire enforcement machinery and powers of the Government. Even with all that it failed. The Walsh-Healey bill has no support within the industry. It will fail. But in failing it will in this industry at least injure the very employers whom in principle it wants to encourage and reward.

These criticisms are supported by the unhappy experience of this industry with enforcement under a code containing substantially similar employment provisions.

From the foregoing evidence it would seem that Public Act 846 is another attempt by Government to start the regulation of wages and hours.

A flood of investigations

IT PLACES the determination of prevailing wage scales in any industry that now or ever desires to do business with the Government in the hands of the Secretary of Labor.

It threatens to let loose another flood of investigations wherein it is possible that the defendant may not be given full and fair opportunity to be heard and face his detractors.

There is a possibility that this Act will drive private bidders out of the government market and result in a demand for government operated factories.

It is an opening wedge to further legislation wherein business may again be regimented as under NRA, but without even the voluntary features of that Act.

For example, the original Labor Board had no power of enforcement. Its friends demanded a Board with power to act. The NLRB was created with the teeth to bite if necessary. Gradually this Board has assumed greater powers and today no employer of wage earners can be sure that he may not be bitten at any moment.

"...the Greatest Industrial Hazard"

SILICOSIS and its allied dust diseases have been pronounced by leading authorities to be the greatest health hazard in modern industry. It is a humane obligation as well as an economic essential for executives in industries where the hazard exists to be thoroughly familiar with the ramifications of these diseases.

The Eastman Kodak Company has made available in booklet form a résumé of the medicolegal aspects of silicosis, as published in a recent medical journal. You may have a copy free upon request. Write for it today.

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343 State Street

ROCHESTER, N. Y.

HOW WOULD YOU LIVE ON \$22 A WEEK?

EVER stop to think what *you* would do with a total income of \$22 a week? Spend a moment figuring—and you'll quickly conclude that these thrifty millions who do it week after week are pretty good managers.

Visit their homes for a close-up. You'll see children somehow well-fed—sent to school neatly, warmly dressed. You'll see plain but comfortable homes.

But back of it all—the constant fear that one misfortune may sink them helplessly into debt.

Industry is striving to reduce the hazards of this nip-and-tuck battle for existence. Factories are run with little profit to keep men working.

But when a man does find himself buried in uncontrollable debt—he needs first of all a loan to relieve the pressure of financial worry. Then—of equal importance—he needs expert help in money management. Household Finance offers to such families a plan of home money management—and for the woman, a constructive education in methods of buying to stretch dollars as much as 20%. This service is available to any family whether customers of ours or not.

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Unfinished Business of the New Deal

(Continued from page 17)

coming a new NRA. By one device or another, the new NRA will come. If it is not the Guffey bill that serves that purpose, certainly the Guffey bill will lead to the imposition on other natural resources of the same control that the Guffey bill puts upon coal. The expansion from coal to oil and natural gas will be prompt; other minerals, iron ore, copper and the like would soon follow.

The new tax bill was proposed, not mainly to produce revenue, but to get a foothold for a new economic and social principle, the principle that corporations shall be prevented from accumulating surpluses out of their own earnings by taxing them punitively on what they accumulate. Due to opposition in Congress, the initial rate of taxation on undistributed earnings, heavy though it be, is comparatively small. But throughout the discussion President Roosevelt said his principal interest was to establish the principle. With the principle now embodied in the new law, the rate will be increased. The immediate objective of this innovation is to prevent corporations from having surpluses. The ultimate objective is the same as that of several other proposals. It is to transfer control over all capital from private hands to the Government. The objective and the process are described in the passages on "The Allocation of Capital" in the book "The Industrial Discipline," written by President Roosevelt's most fecund and most-listened-to adviser, Professor Tugwell. President Roosevelt has stated, as one of the major objectives of the New Deal, that the free use of private capital shall no longer be; that no one shall be permitted to erect a new unit of industry or expand an existing one, except as the Government may deem the expansion to be needed, and socially desirable.

This objective, complete and minute government dominion over capital and credit, the outlawing of private mobilization of capital, is approached also through the new banking laws. The control has not gone as far as was intended; but in this case, as with AAA, only the first step is essential; the rest will follow in accordance with the natural law that attends such innovations.

TVA, having begun by manufacturing electricity, must sell it. It sells now at wholesale; later it will sell at retail—though the retail sale may be carried on not by the federal Government but through municipal or other

local units of Government. Once in the business of manufacturing and selling electricity, the next step is to sell electrical appliances. The destination will be complete absorption of the business of manufacturing and selling electricity and the mechanisms which use electricity as power. Power and light will become a government monopoly. When that condition arrives, as in all government monopolies, private operation in the field will be outlawed. It will be the same with transportation; the cumulative control exercised over railroads can have no natural destination except ownership, with competition by private interests made illegal.

The recently proposed setting up of cooperatives with government assistance and control may take the form, in the beginning, of voluntary cooperatives, which take their chances in competition with privately owned retail stores. But as surely as voluntary cotton control passed to compulsory, so surely, if there are to be government-controlled cooperatives at all, private competition in the fields they enter will be outlawed.

The sum of these and other New Deal innovations is what Professor Robbins says the inevitable outcome must be: "Once governments start to control important branches of industry, if they are not willing at some point definitely to reverse their whole line of policy, there is no stop to this process short of complete socialism."

Protected by the Constitution

THERE is one obstacle. The Constitution and the Supreme Court stand in the way. Not because of the wills of the Justices on the Court, but because the Constitution was written as the code of a society of free individuals, and as a compact between states having sovereign powers. So long as the Constitution stands, and so long as the Supreme Court interprets it as its words mean, the New Deal cannot come to fruit. It follows that the principal unfinished business of the New Deal is to overcome the Constitution, or to get around it.

Because the Supreme Court has outlawed the two principal mechanisms of the New Deal, AAA and NRA, it is assumed by many that the Court, and the Constitution, compose a bar to the New Deal. But is it safe to assume that the New Deal cannot or will not find a way to overcome the Court, or get around the Constitution?

The New Dealers, in their early at-

titude, took it completely for granted that the Supreme Court would not dare stand in the way. Once Mr. Roosevelt, as if making it easy for the Court to comply, had, so to speak, waved an amiable and inviting hand to the Court, a suggestion that they submit without making trouble. "To make our economic and social structure capable of dealing with modern life," Mr. Roosevelt said, "is the joint task of the legislative, the judicial, and the executive branches of the national Government."

That genial invitation to abdication was meant by Mr. Roosevelt to be a gesture of polite manners, the master making it easy for the servant to be compliant, yet preserve the appearance of independence. For Mr. Roosevelt's temperament is not one which thinks that any President should admit that the Court is independent, or that it is an equal. His real feeling he had expressed in one of his campaign speeches,² in a passage which an important newspaper supporting him, the *New York Times*, called a "heedless and foolish remark." Mr. Roosevelt was speaking about the Republican Administration which he was then attacking. "The Republican party," he said, "was in complete control of all branches of the Government; the legislative, with the Senate and Congress, and the Executive Department—and I may add for full measure to make it complete, the United States Supreme Court as well."

If Mr. Roosevelt thought, even in normal times, that the attitude of the Court should be one of deference to the President and party in power, much more did he think it under the circumstances in which he found himself as President, endowed with extraordinary prestige from the country, and with extraordinary power from Congress, the country in the terror of panic, the President with a franchise from Congress (and from most of the public) to take whatever steps he deemed wise.

That the Court should interpose any obstacle to the President's doing anything he decided to do, never occurred to the New Dealers. So far as they gave any anticipatory concern to possible legal awkwardnesses, their attitude toward the Court was one of "you gotta"—one which said in effect, "you better—or else!" The "else," the menacing alternative, was made plain—the Court might find itself out of existence. The threat was not really put in the form of a threat but rather in the spirit of calmly pointing out an inevitable consequence. In those early days of the New Deal, they regarded it as un-

LOOK OUT!— That Driver is Drunk!

But The "Not-Over-50" Club Member Is Ready For The Emergency

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Address

City State

¹Address to Congress, January 3, 1935

²At Baltimore, October 25, 1932.

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One improvement alone, a refining process known as "cracking," has doubled the yield of gasoline from a barrel of crude. More efficient recovery methods are taking oil from pools that once would have been abandoned. Deeper drilling has opened up untouched fields—some wells are now drilled to a depth of over two miles and more oil is being discovered all the time. Transportation costs have been lowered through the extension of pipe lines over a 112,000-mile network—backed up by countless new and improved tank ships, tank cars, tank trucks, pumps and reservoirs.

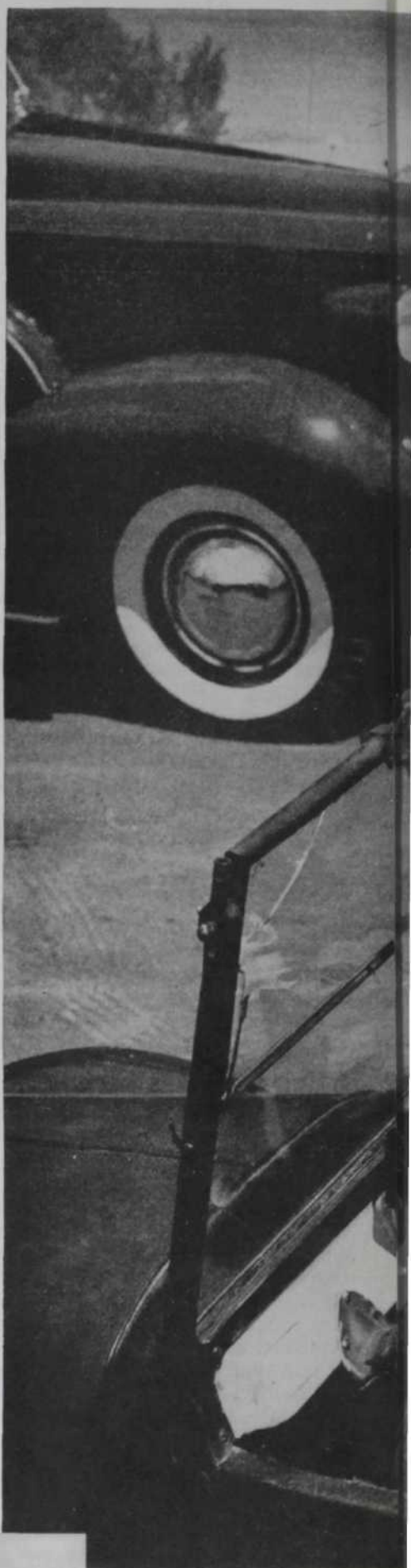
In these developments steel has played an important part. Special alloy steels that withstand high pressure and temperature make possible the giant "cracking" stills. Tougher, harder steels assist in the deeper drilling of wells. Stronger, more lasting steels speed up transportation.

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UNITED STATES STEEL







IN 1927-28

The Covington (Va.) Nat'l Bank heated this banking house with coal—hand-firing—at average annual cost of \$470.

IN 1929

An oil burner was installed and for the next 6 years the average cost of oil used was \$633.28 annually.



IN 1935

The oil burner was replaced with a Whiting Stoker (automatic coal burner) and the year's coal and janitor service cost only \$235.

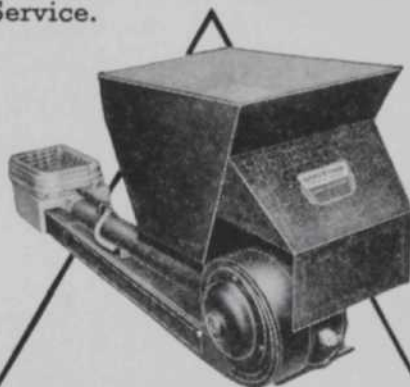


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The bank hopes for even greater savings—believing the cold will not be as severe as it was in 1935-36.



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thinkable that the Court should try to preserve its ancient prerogative. Their attitude was put in words by the sympathetic author of "The Roosevelt Revolution." "When," wrote Mr. Ernest Lindley—³

... Chief Justice Hughes administered the oath to Mr. Roosevelt during the banking panic, the distinguished members of the Supreme Court had reasonable grounds for wondering whether they would ever get another pay check. The continued existence of the Supreme Court, like the continued existence of the rest of the political system, depends very largely on whether or not the revolutionary process now under way can be guided and kept more or less orderly. ... The least that the American experiment has a right to expect of the Courts is interpretation and correlation by men whose broad social philosophy is the same as the philosophy behind the experiment. ...

He added:

When Mr. Roosevelt came into office, the Supreme Court was in fairly even balance. The retirement of a couple of the elderly conservative Justices would permit the balance in the Court to be swung over to the liberal side.

And if none of the "elderly conservative Justices" should be amiable enough to voluntarily retire and take their historic function with them—in that event President Roosevelt would have Congress (at the time wholly supine to him) pass an act enlarging the Court, and he would fill the new seats with Justices committed in advance to holding New Deal measures constitutional. As Mr. Lindley put it: "If that [retirement by some of the Conservative Justices] should not eventuate, the appointment of two additional Justices would accomplish the same purpose."

If the elderly conservative Justices would not retire, they might die. This rather ghoulish reliance was put in words by the author of "The New Dealers." He said that the New Deal legal staff—especially the unofficial head of it, Professor Felix Frankfurter—"advised the Administration on its main strategy with regard to the Supreme Court." One part of the strategy was that the Administration's lawyers should practice delay, they should "go slow," so as to allow time for the New Deal to entrench itself in popular and Congressional favor. "This strategy would also allow the Grim Reaper to do his stuff on some of the conservative dodos on the bench." (I hasten to add that I think this last must have come from the author of "The New Dealers." I cannot imagine Professor Frankfur-

ter entertaining so ghoulish a policy, nor speaking so disrespectfully of the Court—after all, he is a Professor in the Harvard Law School.)

In due course, after two years, came the first decision of the Supreme Court upon a major New Deal issue (other than the gold cases). The Court held NRA invalid.

Mr. Roosevelt was amazed—but remained confident. Though the decision was unanimous; though the three so-called "liberal" Justices concurred in it; though one of the liberal three, Mr. Justice Cardozo, added a supplementary concurring opinion almost more harsh on NRA than the main one—nevertheless Mr. Roosevelt remained confident that the New Deal was both indispensable and popular. In an early press conference⁴ he took one of the most remarkable steps ever taken by a President. For an hour and 25 minutes—press conferences usually last about a quarter of an hour—the President gave the newspaper men, for repetition to the public, reasons why the Supreme Court decision was fatal to the New Deal, and why, therefore, it must not be permitted to stand. He "served notice that ... the New Deal would go direct to the people for power."⁵

How make the change?

BUT just in what form would Mr. Roosevelt take his fight to the people? The direct way and obvious way would be to propose an amendment to the Constitution giving the President the powers he desired, and defining the powers. But when the President was asked by a newspaper correspondent whether he would do this, "the President would not say. ... Asked if there was any way to accomplish his end except through a constitutional amendment, the President hesitated but indicated that there might possibly be such a way."⁶

Never has the President said he would propose an amendment to the Constitution. He has never said it publicly, and so far as Washington has heard of his private conversations (as Washington commonly does hear), he has never said it privately. Yet never has the President failed to say that the condition created by the Supreme Court's decision must be overcome. That he must have another way in mind seems certain.

The other ways would be two: one

³Mr. Lindley was a member of the Washington staff of the New York *Herald-Tribune* who had reported Mr. Roosevelt's campaign for the Presidency, had become close to Mr. Roosevelt personally and believed strongly in his ideas, and reflected them.

⁴Published 1934. The book was anonymous, the author calling himself "The Unofficial Observer." Confident Washington surmise believes him to be a well-known professional writer who at the time was a member of the Administration.

⁵"The New Dealers," page 323.

⁶May 31, 1935.

⁷This quotation is from the New York *Herald-Tribune's* summary of what the President said. Remarks of the President at press conferences are meant to be transmitted to the public in the correspondent's words. Direct quotation of the President is not permitted. Long and careful summaries of the President's remarks were printed in the New York *Herald-Tribune* and New York *Times*, and in a few other newspapers, June 1, 1935.

⁸New York *Herald-Tribune*, June 1, 1935.

would be to change the Supreme Court by law; either to enlarge the Court by act of Congress and fill the added seats with Justices committed to finding the New Deal constitutional; or to attempt, by act of Congress, to limit the Court's power.

Proposed acts of Congress to increase the Court or to limit its power have been considered. More than a score have been introduced into Congress. But they have not been sent to Congress by the President, nor urged by him nor sanctioned by him. On the contrary, one surmises—though this is only a surmise—that the President, if not in the beginning, certainly now, does not encourage the notion of having Congress interfere with the courts. If ever he entertained this way of making the New Deal stick, he was discouraged by the country's reaction to his complaint against the NRA decision. When he made his extraordinary talk to his newspaper conference he expected public support of his position—to stimulate public support of himself, public condemnation of the Court was plainly the purpose of his communication to the public by way of the newspaper men. Actually, the public response took the form of disapproval, not of the Court's decision, but of the President's attack upon the decision.

There remained, and remains, one further way for the President to get what he wants, one further way for the New Deal to survive. It is the way contemplated in the beginning.

The ages of the nine Justices of the Supreme Court are: one 79, one 77, three 74, one 70, one 66, one 63, one 61. In the course of nature, it is not likely that all will live on until 1941. Whoever is President through the next Presidential term may be able, by appointments to fill vacancies, to remake the Court. If Mr. Roosevelt is reelected, he should be able to change the Court so as to end it as an impediment to the New Deal.

If America wants the new order, America can accept it. All that those who deplore it can do is to try to see that America understands what the new order is. In what I have said here I have dealt only with it as it would appear in industry and business, for it is by first absorbing that field that the new order would arrive. But that is far short of describing what the new order, when in complete flower, would be. There is only one new order in the world; new orders emerge only rarely—the last one was the French Revolution. The new order, if it comes to America, would be a variation of the one which, in three forms which vary but have the same essential characteristics, has emerged since 1917 in Italy, Russia, Germany and some smaller European countries.



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Dividend* of 45 cents per share will be paid on no-par common stock August 15, 1936, to stockholders of record 3:00 P. M. July 24, 1936, without closing the transfer books.

J. S. Prescott, Secretary

*58th Dividend

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Trade Groups Show the Way

(Continued from page 48)

These were necessary preliminaries, the Institute realized, to expanded use of structural steel in bridges, buildings and other structures.

The first objective was achieved in 1934 when the rolling mills finally agreed to standardize the weights and sections of the wide flange beams, thus permitting an impartial use of material from any mill in any job that specified steel. To hasten this work of standardization, Institute members also joined in publishing a handbook for the guidance of engineers who design structures. So well did this last succeed that the Institute has adopted a similar program of education as the basis of all its efforts. Manuals have since been issued covering use of steel in dams, bridges, stadiums and elsewhere. The better the knowledge of steel among both buyers and sellers of the material, the Institute believes, the wider will

Something had to be done to level off that production curve and stabilize employment, increase annual earnings of workers, and establish a more economic production and distribution system. The Association set out to convince the manufacturers that the solution lay in cooperative action.

How the Association succeeded is well known. The principal feature of its plan, as is equally well known, was an agreement to hold the National Automobile Show, at which the 1936 models were to be formally introduced, two months before the customary January date.

Not so well known are the concrete facts—figures as to what this change meant in employment and pay rolls. Here are a few:

More workers were employed in November and December of 1935 than in any previous similar period, exceeding the best prior record by 30,000.

The average weekly pay roll in the automotive and parts industries during

Coming in September

★ ★ ★

Test Tube Towns

By Charles Stevenson

Is the Resettlement Administration a laboratory experiment creating a cooperative system in which the profits of private enterprises are transferred to competing businesses theoretically owned by the laborer-consumer, but directed and financed by government?

I Worked in Russia

By Andrew Smith

A sombre recital of grim realities in a land ballyhooed as a workers' paradise. Told by an American Communist who wanted to believe and found his faith misplaced.

Shippers Scan New Truck Rates

By Ralph L. Woods

Compulsory filing of truck schedules with ICC brings a new situation to shipper and receiver of freight. Will users of truck transportation be hindered or helped?

be its market and the greater its service to the public.

While several of these various association programs set up increased employment and purchasing power as incidental objectives, none was aimed so directly at those twin targets as was that of the Automobile Manufacturers Association. And none scored more impressively.

Since the days of open cars and bad roads, the automobile industry has been afflicted with April-May peaks and November-December valleys in production and employment. For 30 years this problem of seasonal fluctuation had defied solution.

The need for action became acute as the depression ran its course.

the last quarter of 1935 was \$13,471,000, as against \$7,600,000 in 1934.

Automobile factories alone during the last quarter of 1935 employed an average of 105,000 more workers than in 1934.

Annual average wage earnings increased over 1934 by more than 30 per cent.

Twenty-seven per cent of the industry's annual output was produced in the last quarter instead of the usual 15 per cent.

Comparable benefits were felt in the steel, railroad, rubber and other related industries.

The Association, while pointing out these immediate achievements, frankly admits that the program has not been in operation long enough to make possible final appraisal of the results. The future may produce un-



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foreseen disadvantages, but few are now apparent.

The next National Automobile Show will be held, as was the last one, in November.

Last but by no means least among the seven winners of A. T. A. E. Certificates of Honor was the National Retail Dry Goods Association. In scope and variety of services to its members—5,694 dry goods, department and specialty apparel stores—this Association's record was outstanding. These activities were undertaken, the Association points out, "primarily to advance more efficient and economical distribution, to the end that retailers, their employees, manufacturers and the people might benefit."

So numerous were these services that only the broad groups into which they fall can be indicated here:

Participation in national movements aimed at improvement of social and economic standards, such as the national recovery movement, social security, the housing program, etc.

Cooperation with college, government and private research agencies in the collection of data and promotion of educational programs.

Standardization of policies and practice through the pooling of the experience of member stores, analyzing this data and finding "the one best way."

Services rendered through associate groups, nature of which are indicated by their names: the Controllers' Congress, Merchandising Division, Sales Promotion Division, Store Management Group, Credit Management Division, Personnel Group, Retail Delivery Association and Traffic Group.

Safeguarding retailers, and ultimately the public, from uneconomic and unfair legislation, largely through studies and preparation of statistics relating to retail sales tax measures in various states and which were made available to merchants.

Development of friendly employer-employee relations—important in retailing.

The story of how these and other trade associations have advanced recovery, increased employment, enlarged purchasing power, fostered sound business management, reduced losses and placed clearer interpretations upon business functions could be indefinitely expanded.

But the variety of these services have been sufficiently indicated. Likewise have been indicated the varieties of problems which confront modern business, and also its powers, through cooperative action, to solve them.

The work of trade associations, the mediums of that action, have expanded, to quote Secretary Roper again, "from that of merely attempting to correct those evils and unsound practices which have grown with our economic progress to that of advancing the standards and character of business and industry. . . . Thus their efforts are not only of benefit to industry but to the public as well."



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For 20 years, Ipana has worked closely with the dental profession. Before Ipana was offered to the consuming public, a million trial tubes were placed in dentists' hands for testing.

Your dentist is familiar with Ipana's contributions to oral health. When he suggests massage with Ipana Tooth Paste, he's introducing you to a health measure he *knows* has proved effective in millions of cases.



For sound teeth and healthy gums

IPANA

TOOTH PASTE

The Paradox of Tax Reform

(Continued from page 54)

has been able to accumulate, in excess of dividend payments, \$38,200,000, thus more than making up for the inroads of the depression. From the point of view of capital funds, Chrysler may be in position to distribute a large portion of its net earnings as dividends and thus keep down its Federal income tax, whereas a corporation which was caught by the tax law before it had been able to restore itself cannot do so.

The law hits in strange ways

BESIDES working systematically to increase the load of businesses already burdened, the new Revenue Act deals blows capriciously in unexpected places. A corporation whose taxable year began December 1 last has until November 30 next before it becomes subject to the troublesome surtax on undistributed earnings. But a corporation whose taxable or fiscal year began one month later, that is on January 1, 1936, finds that with half the year run it must make readjustments immediately to meet the impact of this new revolutionary tax.

Consider, also, the plight of a corporation which in May, or some time shortly thereafter, refunded some of its bonds into a new issue. The tax law exempts from the undistributed earnings tax all earnings retained because of specific sinking fund obligations incurred before May 1. Those incurred after May 1 are subject to tax. A corporation with a \$1,000,000 net income and a \$100,000 annual sinking fund charge may find that its Federal income taxes, under this Act, are higher by 5.8 per cent if it refunded its bonds on May 1 rather than on April 30.

A still more freakish result arising from the new Revenue Act is illustrated by the Consolidated Oil corporation. One of its outstanding bond issues matured last year. If the corporation had at that time refunded the maturing bonds into a new issue, the sinking fund obligations would have been tax-free since they were contracted for prior to May 1, 1936. Instead the company secured a bank loan with which to pay off the bonds.

In May of this year the company registered with the Securities and Exchange Commission a \$50,000,000 refunding bond issue with which to pay off the bank loan. The earnings allocated to the sinking fund for these bonds will have to bear the undistributed earnings tax since the ob-

ligation was incurred after May 1.

It so happens that the new bond issue was made convertible into stock. Had the company, instead of issuing the convertible bonds, issued the 2,000,000 shares of common stock into which the bonds are convertible, it could have avoided the sinking fund obligations and the taxes with them.

As this example shows, the new tax law will place a premium on financing by stock issues rather than bonds or bank loans, another fact which will work to the disadvantage of medium-sized corporations. While their large competitors have a ready access to capital through stock issues, small locally-known corporations usually have had to finance themselves by bank loans or bonds which banks could purchase. They will have to pay undistributed earnings taxes on their debt amortizations whereas big corporations can escape such taxes by issuing stock rather than bonds.

What effect this emphasis on stock issues will have in another depression is, of course, unpredictable, but certainly if corporations run into serious difficulties, investors who have stock rather than bonds are in a relatively weak position.

Potential by-products of the new type of corporate taxation can be listed almost without end. The most serious aspect of the additional taxation, however, is this: it runs up to the highest point in peacetime the total Federal income tax assessment on business and individuals. With the Revenue Act of 1936 superimposed on existing income taxes, the total tax liability of corporations and individuals will be in excess of \$2,600,000,000. In 1929, the Federal income tax was only \$2,411,000,000.

This contrast reflects how greatly the burden of Government has grown during the past few years. Federal tax collections during the fiscal year which opened July 1 will be the heaviest in the history of the country, except for a single year of 1920. The country, in other words, is carrying a total Federal tax burden of war-time proportions or greater and is paying it out of a sadly depleted national income.

Even so, revenues are insufficient to meet the staggering cost of the Federal Government by \$2,600,000,000. The end of taxation is not yet in sight.

The inroads which this particular law makes into the earnings and savings of the nation are only an incident in an omnivorous growth of taxation. In this whole movement, nobody gains but the tax collector.

They Called the Hearse Too Early

(Continued from page 32)

which goes into a high grade instrument. The outer rim of the case will be laminated mahogany or walnut. The interior braces are laminated spruce and maple. Not only must these woods be aged and of a certain kind, but they are also selected because they come from certain sections of the country. Northern grown woods have different qualities from southern grown woods, and both must be free of imperfections.

And when the woods are glued together, as in the sounding board which is the heart of the instrument, they are first warmed—just to insure a better joining. So it goes. Since some 85 per cent of the production cost is represented by labor, it can easily be seen that the piano industry does not lend itself to easy economies. Great resourcefulness has been required to lower costs without lowering quality.

Workers like their trade

IT IS interesting to see how the upturn in the industry has heartened the craftsmen who perform this multitude of tasks. Many of these workmen have been in the industry for 30 to 50 years. One of the men, whose kindly face looks out from behind a lyre on Page 31, is John O'Neil of Boston. He is typical of many.

John is now 70 years old and 40 of those years have been spent in the piano factory. As a young man he was an expert woodcarver, and evidence of his consummate skill with a chisel can be found in many a New England church.

Today, John has four main interests: his family, the piano business, the Boston Red Sox and the Irish Sweepstakes. He has bought a ticket annually for the Sweeps since Lord knows when, without telling his family, but has yet to win a prize.

The Boston Red Sox are slipping in the pennant race but John wears a smile which simply can't be wiped off. The piano business is looking up, and John likes to think about it. So do his friends in the factory, and you can't find much fault with men for feeling cheery.

In this instance their optimism is based on a solid foundation. The money is already in the till, and more is on the way.

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UNEMPLOYMENT in many communities served by the Associated System was relieved last year by a net increase of 11,300 new jobs created by industrial concerns which moved into these areas or by industries already there which expanded their operations.

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Industrial development is just one way in which the Associated System carries out its responsibility to its customers and the communities in which they live.



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A.P.W.

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"The American Economic System"

THE Chamber of Commerce of the United States has published a concise 36-page illustrated booklet, entitled "The American Economic System Compared with Collectivism and Dictatorship".

The booklet discusses the principles upon which our American economic system has been built, and analyzes a number of the important factors associated with the encouragement, coordination, regulation and improvement of business under our American system of predominant private ownership and individual enterprise.

It draws a clear contrast between such principles and the foreign doctrines of communism, socialism, fascism, nazi-ism, syndicalism, and anarchism.

Everyone interested in present-day economic thought and in modern social development will profit by a reading of this booklet.

Some who have read it have described it as: "Unusually timely". . . . "A fine statement that should have wide distribution". . . . "A fine explanation of facts". . . . "Highly commendable for conciseness and comprehensiveness of the article, and the force of the arguments". . . . "A wonderful little pamphlet, something I have long wanted; it is very educational". . . . "A splendid textbook". . . . "This should be in every American home".

IF YOU WISH a copy of this 36-page illustrated booklet, WITHOUT CHARGE, send your name and address to: Secretary, Chamber of Commerce of the United States, Washington, D. C.

★ ★ ★

Prices Are Wiser Than Men

(Continued from page 27)

ternational borders so that countries under pressure to pay debts can, by moderate tightening of their money market and moderate reductions in their commodity prices, send out more goods, reversing an adverse trade balance, with only moderate movements of gold to settle balances, then there is plenty of gold.

"But this proposition, whether presented to the Senate Committee on Banking and Currency or to the House Committee on Banking and Currency, appears irrelevant. The question of the tariff and of the export trade belongs by long-standing tradition to the Committee on Ways and Means of the House, or to the Finance Committee of the Senate—it is not the problem of the banking and currency committees! The different executive departments and the different bureaus each have their special history and their special functions. It is hard indeed to find, except in the President of the United States himself, any instrumentality in our Government which could be regarded as responsible for looking at the whole picture, to say nothing of making a general coordinated plan."

Then there is the familiar picture of lobbying activities, a factor which Dr. Anderson recognized by saying:

The pressure on government

"THE motive force behind democratic government is in large measure and increasingly a matter of group pressures, special interests each seeking to control government for its own advantage. The man in public life who tries to look at the general picture and to consider each problem from the standpoint of the good of the country as a whole, labors against heavy odds as particular groups put pressure upon him, each threatening him with defeat in the next election unless he meets its wishes. Strong men can resist these pressures, but it requires strength and courage."

That fact helps to explain why we continually witness mercurial shifts of policy by public officials and, at the same time, a steady growth of governmental interference with private business.

Dr. Anderson traced the development of this tendency further:

"Government, greatly strengthened by War and the disturbed state of the world since the War, has suppressed many individual liberties, and has revived mediæval economic policies tolerable only in a state of

war, and applied them to a great world economic life which had grown up under economic freedom in an atmosphere of peace.

False prices hurt business

"THE growth of these antiquated policies has itself brought on and intensified the great depression. Instead of finding our remedy in a relaxing of the strangling effect of primitive governmental economic policies—trade restrictions, price-fixing and currency debasement were stock-in-trade of mediæval and early modern government—we have sought to escape from the depression by an intensification of these governmental policies.

"The market place is a far more modern instrumentality of economic coordination, a far more efficient instrumentality of economic coordination, than government, and the substitution of government control for control by freely moving market prices represents, not progress, but very dangerous retrogression."

Going on to explain how this interference in the normal swing of prices has been overdone, Dr. Anderson said:

"To an altogether extraordinary extent, our economic planning in the past three years has been concerned directly with prices, striking directly at prices rather than at the causes of prices. We have moved, for example, on the theory of restoring certain 'parity price' ratios between agricultural goods and manufactured goods, instead of restoring the export market, which would automatically create the higher agricultural prices. We have been concerned with prices only, rather than with prices multiplied by volume of production. Higher prices at which little can be produced and sold do not mean economic welfare even for the group that gets them. High wage rates at which few men can be employed do not mean high income for labor."

I asked Dr. Anderson to give me a concrete example of this point.

"Well," he said, "we saw, during the crop year 1934-5, a price of 12 cents or more for cotton, an artificial price because the Government was lending 12 cents to farmers against their cotton, and the farmers would not take less than that for their cotton. This may or may not have been a just price. But it certainly was not a functional price. At that price cotton did not move to market adequately, and at that price we lost much of

A Wizard went to the Circus....

and discovered how to light the world

BACK in the 1870's a circus was traveling from town to town with its freaks, its clowns, its curiosities. Prize exhibit of the show was a weird new kind of light—brilliant, dazzling—made neither by candles, nor oil, nor gas.

"Ladies and Gentlemen!" cried the barker, "Step up and see the sensation of the age—the new, the remarkable, the amazing arc lamp!"

There was a man in the crowd who had heard about this lamp and had come to see it. To him it was far more than an interesting curiosity. He saw that here was a new way of lighting streets, stores, homes. But the light was too big and bright—too glaring—for ordinary illumination. He decided to experiment, see if he could discover something better...

And the rest is history! In 1879 Thomas A. Edison made the first successful electric incandescent lamp—forerunner of the familiar glass bulb that has literally lighted the world.

* * *

As Edison discovered Unseen Value in an arc lamp at the circus, so are thousands of car-owners today discovering the meaning and the importance of Unseen Value in motor cars. For Chrysler Corporation has made America conscious of Unseen Value, aware of its great significance. Though it is not something you can see or feel—though it is no tangible thing like beauty, power or safety—Unseen Value is far more real and important than the iron, rubber, steel, glass of which a car is made.

Fundamentally all cars are alike. They have wheels, axles, gears, motors, brakes. One car may be a coupe, another a sedan. One may have six cylinders and be painted blue, another may have eight cylinders and be painted

green. It is only when you look beyond the assembling line and search for the impelling aims and *ideals* of the organization, that you see the Unseen Value of the car you are buying.

Those who drive Chrysler-built cars know the pride and confidence that go with ownership of a Plymouth, Dodge, De Soto, Chrysler. For these four famous cars possess Unseen Value to an *exceptional degree*.

The Unseen Value of Chrysler-built Cars

It has always been the ideal of the Chrysler

BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. *Has it proper weight distribution?*
2. *Has it genuine hydraulic brakes?*
3. *Is it economical to run?*
4. *Has it floating power?*
5. *Has it safety-steel body?*
6. *Does it drive easily?*

ONLY CHRYSLER-BUILT
CARS HAVE ALL SIX

Chrysler Corporation

Corporation to improve cars in every possible way, and to *keep improving them*. Its policy has been to put into its cars, not merely the best materials, but also the inspiration and genius of the men with whom Walter P. Chrysler and his associates have surrounded themselves.

Because of devotion to this ideal, because it has refused to be interested only in the ordinary manufacture and sale of cars, Chrysler Corporation has grown in a few brief years from humble beginner, to a vast industry providing a livelihood for almost half a million people.

Today about *every fourth car sold* is a Chrysler-built car. People have been quick to recognize the Unseen Value of the Plymouth, Dodge, De Soto, Chrysler—the Unseen Value of Dodge Trucks and other Chrysler products. Of all American motor manufacturers, Chrysler Corporation alone exceeded in 1935 its rate of production for the boom year of 1929.

Remember Edison and the Unseen Value of the arc lamp when you buy a car. Remember the *exceptional* Unseen Value of the famous cars and trucks built by Chrysler.

CHRYSLER
PLYMOUTH
DODGE
PASSENGER CARS AND TRUCKS
DE SOTO

Chrysler Marine and Industrial Engines • Airtemp—Air Conditioning

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION



● What Balsam-Wool SEALED Insulation has done for others, it can do for YOU. It can show you a better, more completely satisfactory solution of problems arising from the control of heat . . . cold . . . humidity . . . sound. Often, it can point the way to important economies, not possible with a less efficient, less adaptable material.

For years, Balsam-Wool has been the standard of efficiency in industrial applications—just as it has established itself as America's leading house insulation. Sound advice from our engineers is yours for the asking. Just mail the coupon!



WOOD CONVERSION COMPANY
Room 144, First National Bank Building
St. Paul, Minn.

My problem is one of . . .
Please tell me what Balsam-Wool can do to solve it.

Name . . .
Company . . .
Address . . .

our export trade in cotton. Men may believe in the domestic allotment plan and the Bankhead Law, and still recognize that the artificial cotton price was a mistake."

Here Dr. Anderson interjected a comment on the argument that government had learned how to control economic life during the World War.

"The thought was expressed in 1933 that our experience with economic controls in the war-time, when we did have a good deal of governmental regulation and control of industry, some of which was effective, would supply the model for the solution of our depression problems. But the war-time experience has proved to be almost totally useless as applied to our present problem.

"The objectives in the war-time were simple and clear. We were overstraining our productive capacity, and the problem was to produce essential goods. So and so many tons of steel were needed for such and such definite purposes. So and so much wheat was needed to go across the water.

"There was a definite military problem, and the big purpose of the war control was to hold down the production of non-essential commodities to provide resources for essential commodities. There was the definite further problem of holding prices down and limiting profits, along with the maximization of the production of specifically needed goods. There was unlimited demand and limited supply, and the problem was to restrict demand and to direct supply.

A different problem now

"THE present problem is radically different. It is the problem of putting men at work producing goods that can be sold. No central brain can know which these goods are. The markets know. The individuals in charge of industries, each studying his own specific market, can know.

"As the economist sees prices, their function is to tell the truth regarding what is going on in the fields of production and consumption, and to correct maladjustments and bring about a reequilibration of the various productive activities when they get out of balance.

"If prices move promptly and adequately, moderate price changes will usually correct a maladjustment before it goes very far. The function of price changes is to bring about the necessary shifts of labor and capital from one industry to another, to check excessive consumption in one line and to lead to increased consumption in other lines, to keep goods moving through the markets, making

a way for other goods to be produced to replace them and thus to keep business active and keep full employment.

"But governmental attitude toward prices runs on radically different lines. When governments touch prices they touch them from the standpoint of the notion of just price rather than from the standpoint of the notion of functional price. It is the essentially mediæval notion of just price which dominates both juristic tradition and present day governmental policy, when government touches prices at all."

The "just price"

I TOLD of having once seen in an old store near St. Martin's in the Fields, in London, an old-fashioned razor in a leather case. The price was two guineas. The razor weighed about a pound and a half, was as wide as a cleaver, was not hollow ground, and could not have been given to any man with a beard. But the owner of the store said that it had been in the store for 50 years and it would stay there until some one paid the price.

"It was made to sell at two guineas," said he. "You Americans cannot understand . . ."

"A good example," said Dr. Anderson, "of just price."

"Competition is another vital element," he went on. "Market prices, in order to tell the truth, must be free to move under the influence of competition. They must be competitive prices. It is the proper function of government to maintain competition. Corners, combines, monopolies, manipulative raids in the stock exchange or in the commodity exchanges, concerted efforts of producers to hold prices artificially high—all these things prevent the market prices from telling the truth and spoil and pervert the mechanism of social coordination and control which the market supplies. It is the business of government to prevent things like this.

"Markets, moreover, can function properly only with sound money, and it is the business of government to establish and maintain a sound monetary system.

Fair dealing is necessary

"MARKETS, further, can function properly only if there are certain standards of fair dealing among the men who engage in them. Unregulated competition could mean chaos. If competition is interpreted to mean simply each man seeking to get whatever he wants in the quickest way he can, obviously the quickest way

would often be to hit somebody else in the back of the head. There must be moral and, where necessary, legal levels of competition, limiting competition to those things that are socially advantageous."

He agreed that perfect competition and full freedom of prices in all activities might not be possible.

"But," he said, "the market mechanism can and does work adequately despite many rigidities, if only new ones are not continually being created. As recently as 1920-23, the immense flexibility of our American economic system was impressively demonstrated.

"We had, then, a great long-term debt structure, publicly regulated railroad rates which were increased at the wrong time, non-competitive public utility rates, labor unionism far stronger than it was in 1929, varying degrees of competition and varying price policies among our great industries, and unequal declines in prices as the vast liquidation and readjustment came.

The price system will work

"WE had to make a readjustment unprecedented in magnitude in our commodity prices and in the direction of our industrial activities. We had to liquidate a vast volume of short-term commercial debt, and to transfer from banks to investors—at a price—an immense volume of government war debt. The mechanism worked. In about 13 months—from July, 1920 to August, 1921—we passed from a violent boom to the trough of a great depression, in which about 6,000,000 were unemployed as we then figured it. Commodity prices at wholesale dropped from 241 to 141. The readjustment of prices, wages, and types of activity, the liquidation or readjustment of debt, and the clearing of the air as to who was and who was not solvent were sufficiently accomplished by August of 1921 so that we can date the bottom of the movement at that time.

"The tide then began to turn. Moving vigorously in the summer of 1922, there came a strong upswing in business, which reached boom intensity, with labor shortages in many lines, in 1923.

"Market prices, worked out competitively, are the guides to the economic activities of men. They tell us what to do and what not to do. They make it to the interests of men to do the things that other men want to have done.

"They utilize the selfish purposes of men in making an economic coordination. They make men serve one another voluntarily."



Complaint About R & M Motor

A woman sent for the service man. The motor on her new washing machine wouldn't run. Service man called—the motor was running. She just couldn't hear it. (Actual case.)

It was an R & M motor—and we do build them quiet, for a fact! Quiet motors are long-lived and efficient, too.

That is why we supply them to so many of the best manufacturers of electrical appliances for homes, offices, stores, and factories.

You may not be able to hear an R & M motor, but you can see the nameplate. Look for it. It means that the appliance you are considering is *sound at heart*.

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Kimpak says, "Quality Merchandise" to your customer

• Chappel Bros. Inc., manufacturers of medicinal preparations, use economical KIMPAK as a soft, cushion-like stuffing for tablet and capsule packages and to protect fragile ampoule tips from jar and breakage.

KIMPAK meets parcel post regulations. It absorbs 16 times its own weight in moisture. It is clean, easy to handle, and economical. KIMPAK is the ideal packing for any

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"You'll never know"

"When you are old enough to shave, you'll start with a Schick Shaver. You'll never cut and scrape your face with a blade razor, never know the messiness of lather, never realize that shaving used to be one of the biggest nuisances in a man's life."

The Schick Shaver shaves quickly and closely. It is good for the toughest beards and the tenderest skins. And it is the cheapest way to shave. Ask any Schick dealer to show you the Shaver. If no dealer is near you, write to Dept. N (Price \$15).

SCHICK DRY SHAVER, INC., STAMFORD, CONN. Western Distributor: Edises, Inc., San Francisco. In Canada, Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50.)

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BUSINESS is
surprisingly
low!*

Some One Can Always Buy

BY MARTIN FRANCIS



The Simonsen garage at Cambridge, Wis., a town of 527. They sold 639 automobiles last year

IF YOU call Jerry Simonsen at two o'clock in the morning and tell him you would like to have him demonstrate an automobile, you will get the demonstration. And Jerry Simonsen will not be surprised. He and his four salesmen are used to being called at that hour. In fact, they always pencil on their business cards, "call us collect at any hour," and make 40 per cent of their sales between 7 and 11 at night.

"People have time to buy then," they say.

Jerry Simonsen is president of Simonsen Brothers Company, Inc., automobile dealers at Cambridge, Wis. The town's population is 527. Last year Simonsen Brothers sold 639 automobiles, of which 249 were new cars. Dollar volume for sales and service totalled \$250,784. The previous high was \$243,000 in 1931. From January 1 to April 1 of this year, the firm sold 225 automobiles, of which 89 were new.

This record was not made by moaning about hard times. It resulted from a planned merchandising program with hard work to back it up.

Simonsen Brothers salesmen canvass every person within a 30 mile radius of Cambridge. They make surveys of buying power and find out how many cars the average farmer owns. Thus they have facts on which to base a selling program. They can tell you which farmers get \$25 a week egg money, and which receive \$500

a month milk checks. They work constantly on the theory that some one is always able to buy an automobile or a truck. They never succumb to business pessimism; they never admit that business has come to a standstill.

One canvass, which included some 200 farmers, showed that the average farmer in this group owned 2.3 cars and trucks. This did not slow up the sales campaign. They induced a large number of those farmers to trade in their cars and trucks every second or third year as a good business practice.

They show their work

IN the town's local newspaper Simonsen Bros. Co. Inc., runs a weekly advertisement informing the public how many cars the firm has sold to date. Mr. Simonsen says this helps to build confidence and good will. Billboards, which cost \$3,000 to erect during the depression years, also carry this information.

Every salesman and mechanic of the Simonsen firm makes his own appraisals on cars taken in trade or brought in for repair. This helps build responsibility among the men, says Mr. Simonsen. Conferences are held every few days to determine how well the men have appraised work taken in, whether they have made money for the firm or not.

"I never reprimand a man in pub-

lic," says Mr. Simonsen. "I let all my men stand on their own feet when making a deal. This makes them work harder and more intelligently."

And, in 26 years in business, he has never discharged a man. If an employee shows a lack of interest in his job, whether he is a salesman or a mechanic, he is told to take a vacation two weeks or a month to get a change of perspective. If the man comes back, he is usually reinstated. Most of the men who leave on such vacations learn that other pastures are not so green as they first seemed; consequently they return to Simonsen Bros., and renew their work with vigorous spirit.

"We tell our salesmen never to brag about what they have done," says Mr. Simonsen. "We want them to be humble and serve their customers as best they can. That attitude has helped us to hang up our sales records. If a salesman tells me he sold a car before nine o'clock in the morning, I ask him if that means he is going to quit for the day."

He looks through the glass window of his office. "Please excuse me now. I see a prospect coming in. He telephoned he would be here before midnight."

What Does the Price Law Mean?

(Continued from page 34)

it. But the legislation is sound in purpose and the only way to achieve results is to make a constructive approach to it."

Burton A. Zorn, associate counsel of the Chamber of Commerce of the State of New York, said the statute is a "mass of inconsistencies, and is, on the whole, a confused, ambiguous, and muddled piece of legislation." Terms such as "proportionally equal" and "unreasonably low prices" that occur in the bill make the entire Act incomprehensible because no one knows what they mean, he said.

On one thing most commentators agree. The Act is confusing. That is well understood when it is seen that the first sentence (after the title) has well over 400 words and contains four provisos one of which is a proviso to another proviso. The clarification, if any is forthcoming, must come from the courts. Meantime, inquiries are being addressed to the Federal Trade Commission, which has partial authority in enforcing the Act, for a preliminary interpretation of its terms, or at least how the ambiguous terms will be enforced.—WILLARD L. HAMMER

INDUSTRY LOOKS TO TEXAS as its New Frontier

To Texas business builders and America's industrialists the Texas Centennial is more than a great sectional Exposition and a series of festive celebrations. It is a resume of remarkable progress made by enterprising Americans in the short period of one hundred years.

Where early pioneers moved to Texas seeking richer agricultural and grazing lands, American manufacturers now find rich markets and opportunities for participation in an industrial expansion that is definitely under way.

Heretofore 83% of the wealth of Texas has been agriculture. Today, with the discovery of vast stores of oil, the balance is swinging to the industrial side. The transformation of rich natural resources into finished products manufactured in the State

will be the next great source of the State's increasing wealth.

Texans realized the big part industrialization is to play in the State's progress during the next ten years. Manufacturers and industrial concerns, large or small, find a hearty welcome and helpful cooperation in every part of the State. Write the Chamber of Commerce at any city or community in which you are interested.

Your visit to the Exposition at Dallas, the glamorous Frontier Centennial at Fort Worth and scores of other celebrations throughout the State will give you a comprehensive picture of Texans as they work and play today.

Whether you come for business opportunities or pleasure, there's a friendly welcome awaiting you in the Lone Star State.



Night Scene on Esplanade, Texas Centennial Exposition, Dallas



TEXAS CENTENNIAL CELEBRATIONS

TEXAS CENTENNIAL,
State Headquarters, Dallas, Texas.

43-A

Please send illustrated literature on Texas and the Centennial Celebrations.
Also, I am interested in Texas markets and industrial opportunities, please send information on the following Texas cities:

Name _____
Business or residence address _____
City _____ State _____

Staging Plays for Window Shoppers

(Continued from page 20)

background and lighting to throw the articles on display into prominence. Lighting should be controlled, from overhead, from the footlights, and from the wings of the stage—the window itself.

As for colors the man admits that he is color-blind. That is, that he does not know the names of tints and shades. Fortunately, being able to read, he is most grateful to paint

supply houses for labeling their various tubes of reds, blues and yellows. He has his favorites, however, and delights in the deep, lush shades of the West Indies—the Royal Purples, Jade Greens, and Chinese Lacquer Reds. He has promised at some future time to experiment with Purple and American Beauty. With resignation he sighs that he can never be the equal, in color mastery, of Brodeur who does the Hudnut windows.

His passion for using fresh flowers and fruits is well known. He believes that they are most forceful in lifting a display from the old-fashioned window trimmer's crêpe paper imitation of life, to tangible reality. Orchids, violets and lilies are his most frequently used flowers, and many of Mr. Hicks', the fruiterer's, exotic tangerines, plush peaches, and heavy purple grapes have reposed silently though subtly, alongside pigeon-blood rubies, star sapphires, and pinkish pearls.

His four principal accounts all deal with luxuries. These include the jewels of Marcus, furs of Jaeckel, beautifying preparations of Dorothy Gray, and day dreams of travel as advocated by Cunard White Star. It is nothing for the man to set up the interior of a limousine in Jaeckel's window and leave, with studied carelessness on the rear seat, a priceless mink, jeweled evening bag, gold gloves, a corsage, and a couple of tickets for the opera. Its very luxuriousness and extravagance are breathtaking. It makes the passer-by say to herself, "I should like to be wearing that coat, sitting in that car, going to the opera tonight."

He makes extravagant displays

THEN he has been known to transport bodily a replica of the coat room in the Persian Room of the Plaza. Swaying from velvet hangers evening wraps of ermine, silver fox and sable flaunt themselves tantalizingly. An Inverness and a gleaming top hat complement this glimpse into another world. His last stroke of spectacular high-handedness, during the past Yuletide season, lay in the form of a skeleton Christmas tree, the trunk and each and every branch of which was proudly shrouded in ermine skins. Little ermine tails hung down like icicles, and other little tails lay scattered over the snowy foreground. It caught the eye of one wealthy woman to such an extent that she promptly went in and bought the whole thing for use as a "very different" holiday decoration.

When it comes to Dorothy Gray, Mr. Okie likes to use the sculptured masks and hands created by Helen Liedloff. These he arranges symmetrically with the beauty preparations, inspiring in the mind of the feminine passer-by that she, too, might have a face as beautiful as the mask of a

BELLRINGERS



Finding Needles in Hay Stacks

IF IT'S so small there are no words to describe it, just say "gamma." That's the new term for smallness introduced by the microchemist whose job is to analyze quantities of material as small as one-ten millionth of an ounce. The gamma is one millionth of a gram or 50,000 times lighter than an ordinary drop of water.

Microchemistry was developed to meet the demands made by biology and medicine, according to Charles G. Van Brunt of the Research Laboratory of the General Electric Company, but its use has spread to industry. For the new science, test tubes are as small as one-fiftieth of an inch in diameter. The measuring graduate is an accurately calibrated glass tube four-one thousandth of an inch in diameter.

But this small-scale chemistry is

solving problems of industry which were previously practically impossible of solution. One example was that of a broken wire in a resistance unit in a steel plant. At first the wire was suspected of being defective, but subsequent analysis of minute particles near the break showed the presence of sulphate. The trail finally led to a nearby blast furnace which admittedly gave off sulphuric fumes, thereby clearing the wire of blame.

Another problem was presented when a small quartz window, used in a device for detecting small quantities of mercury vapor in flue gas, was found to mist slightly. Investigation carried on under the microscope revealed tiny droplets of liquid which were readily found to be sulphuric acid. A change of fuel removed the difficulty.

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Fewer motions . . . that's what makes a Burroughs so fast. Automatic ciphers, saving nearly one-third of the work, are only one of its many short-cuts. Other short-cuts permit the operator to add or subtract an entire amount with one motion of the hand. Taking a total is also a single motion. Could any machine be faster, simpler, easier to operate? For your copy of a new and interesting booklet picturing and describing these and other exclusive advantages of the short-cut keyboard, telephone your local Burroughs office. Or write direct to **BURROUGHS ADDING MACHINE COMPANY, DETROIT, MICHIGAN**

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Is it your turn to be generous?

Parents are proud. If they must be dependent upon you today, probably it is because they were generous to a fault when you were younger. Make it easier for them with a retirement income for life, arranged the John Hancock way. Even a few dollars a month they can call their very own can make a substantial difference in their outlook on life. Let us send you our booklet which tells the retirement story.



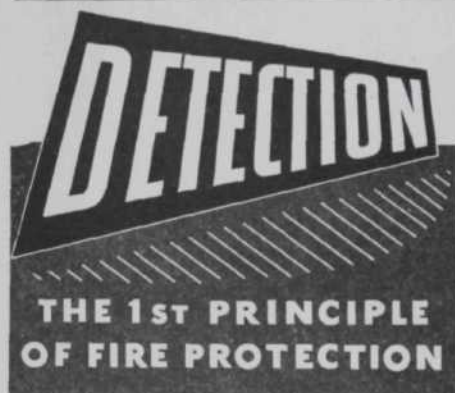
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197 Clarendon Street, Boston, Mass.
Please send me your booklet, "Money For All Your Tomorrows."

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City..... State.....

N.B. 6-36



THE 1st principle in fire protection is the detection of the fire before it gains headway.

THE 1st principle in fire detection is the alert watchman patrolling his rounds in accordance with your plan.

THE 1st principle in assuring an alert watchman is that he be properly checked by an approved supervisory system.

MORE THAN 80,000 Detex Clocks are now in use in recording the rounds of a like number of watchmen in 50,000 plants.

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DETEX

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Room 800, 116 Marietta St., Atlanta

NB-8

film star, or the hands of a ballerina.

In between times, although I can't think when that might be, he does work for Bonwit Teller and is currently busy on a series of display designs for Harper's Bazaar's retail service promotion throughout the country. On top of that he is designing all the color photography pages for a widely known magazine catering solely to men.

Makes careful plans

HE does all of his planning himself and does it well in advance of his displays. He sketches in a prodigious manner, on trains, boats, and in taxicabs, but assures one that his sketches are intelligible only to himself. He is devotedly loyal to Helen Liedloff who makes his masks and plaster casts, Lester Gaba who carves the tiny soap figures he is so fond of using, and Helene Pons who creates the smart little costumes with which he dresses his mannequins.

One of his great friends is Polly Pettit who formerly did the exquisite jewel windows for Black, Starr, & Frost-Gorham, Inc. Now, Mrs. Pettit has instituted her highly successful School of Display, where Mr. Okie sometimes lectures on window lighting, but when they were friendly, feverish rivals, they frequently held amusing telephone conversations about their forthcoming display plans in an effort to avoid similar brain waves which might coincide. And it is to Polly Pettit that Bill Okie sends all of those eager, young students who want to be as successful as he. He is besieged by at least one a day. The formula rolls off his lips quite naturally—"Go see Polly Pettit!"

He lives in a three room apartment in the heart of town, near Fifth Avenue, so that it is no trouble for him to skip up and down the lane from one job to another. He has a mask of Greta Garbo hanging over his living room mantel, and is partial to green in the way of draperies and couch coverings. There are leopard skin cushions on the couch, numerous books on ceiling-high shelves, and many pictures, chiefly of the famous jewel series at Marcus, on the walls. The chairs are deep and com-

fortable, the large desk orderly and businesslike. It is typically a man's living room, and one has only to walk into it to realize that the fragile daintiness and feminine luxury of display material play no part in his home surroundings.

The type of comforts with which he has surrounded himself bespeak the outdoor man. It is not difficult to realize, having been born under the Sagittarius sign, that his favorite sports are horseback riding and swimming. He also put in quite a bit of time on skis while at Dartmouth.

His bedroom is rather startling. His portrait, hanging upside down against a series of red velvet columns arranged in semicircular formation behind the wide, low bed, is, to say the least, unusual. It was painted by a Russian girl. Not that that is why the portrait is hung upside down. It simply seems more natural to Mr. Okie to have it that way. On the expansive modernistic glass bureau stands a bust of himself done by Liedloff. It is an excellent likeness.

A third room is given over to yards of colored silks, pots, mixing pans, paint brushes, and reams of sketching pads. Here it is that ghosts of old ideas hover joyously about in an effort to make room for the increasing army of young ideas. Their creator's imagination is boundless.

And over the whole apartment flows the psychic sense that the owner is vitally interested in his work, that he loves his work and is curiously content that he has found, and is able to execute, his talents in a fashion which satisfies him and satisfies his public.

He has crossed the frontier, our Hudson River which separates East from West in the art realm of America, and the world of luxury, sophistication, creative instinct, and self-expression lies before him. That would be quite enough for the average artist but Bill Okie is not the average artist. He is getting old he insists. He's 28, so old that his bones creak, but he's looking forward to the time when he will have more leisure so that he can settle down to giving more hours to those little miniature figures which he delights in making. Then he will be really happy.

Business Men are Cowards

(Continued from page 29)

charges, insurance, commissions, and other red tape which eventually run the cost of a loan up to about what building and loan associations were charging were soft-pedaled.

Details really were included, how-

ever, in the technical text of the plan published at the same time. I analyzed that text, then went to a half dozen managers of building and loan associations in this city demanding that one of them issue a statement pointing out the facts. Not a single man-

ager had the nerve to issue such a statement for publication, even when he would talk about it privately.

That's rugged individualism!

"No, we can't be put in the position of opposing the President," they said. Not even when they knew the Government was cutting their throats.

No ordinary reporter can make such an analysis. Even if he did make it, no one would believe it. He's not an expert. A reporter "reflects" the opinion of his community—if he can find an opinion. Editors try to interpret the facts, but they cannot clean every one's back stoop for him.

Then what happened? Nearly two months after the FHA had been organized, after it carried on an "educational" campaign, after the people of this country had been educated to five per cent money until they would not buy or build without it—then one of the managers issued a statement.

The explanation came too late

THAT statement was no longer news. It sounded like, and was, sour grapes. The editors properly relegated it to the inside of the paper where only other building and loan men and a few real estate operators who were feeling the pinch, too, ever read it.

Yet, the newspapers were to blame! The newspapers should have censored a statement of the President and protected the building and loan associations and the real estate business when leaders of that business were too cowardly to do it for themselves!

Social security programs in various states are giving business men plenty of worries. Almost any American citizen favors a safe old age for himself and his countrymen. But many serious men and women cannot see where old age can be made safe if the nation's business and producing institutions are wrecked to pay such pensions.

Such a group, this time merchants, recently held a conference with a state governor who is running for another office on a pension program. The business men demanded that the governor remove a sales tax provision from a constitutional amendment he is sponsoring to allow the state to cooperate with the national social security law.

The business men favor the pension. But they contend that other taxes are raising enough money to pay for a sane pension, if the law is economically administered.

They told the governor that in private conference. They refused to talk to capitol reporters. But the governor talked—plenty. He issued a statement that the business men favored a pension but opposed a sales tax—hinting the business men want-

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ANTWERP

Condensed Statement, June 30, 1936

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 443,872,937.12
Bullion Abroad and in Transit	5,439,331.00
U. S. Government Obligations	818,381,631.82
Public Securities	44,380,597.99
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	25,962,308.03
Loans and Bills Purchased	558,034,496.41
Items in Transit with Foreign Branches	4,782,153.51
Credits Granted on Acceptances	33,508,429.56
Bank Buildings	13,413,434.39
Other Real Estate	357,703.67
Real Estate Bonds and Mortgages	2,481,281.70
Accrued Interest and Accounts Receivable	14,454,814.33
	<u>\$1,972,869,119.53</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	7,649,439.95
	<u>\$ 267,649,439.95</u>
Dividend Payable July 1, 1936	2,700,000.00
Miscellaneous Accounts Payable, Accrued	
Interest, Taxes, etc.	22,547,309.72
Acceptances	\$42,879,290.43
Less: Own Acceptances	
Held for Investment	9,370,860.87
	<u>33,508,429.56</u>
Liability as Endorser on Acceptances and	
Foreign Bills	6,945,214.00
Agreements to Repurchase Securities Sold	915,729.00
Deposits	\$1,545,500,495.09
Outstanding Checks	93,102,502.21
	<u>1,638,602,997.30</u>
	<u>\$1,972,869,119.53</u>

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ed the pension if they didn't have to pay for it.

Unfair? Of course. Untrue? Probably. But whose fault was it? When will business men learn to speak out in public?

In the same state another old age pension measure, wild and woolly, had been proposed by a farmer-labor group led by men who make a living collecting organization fees from people who cannot afford them. The measure passed in a general election with hardly a protest from business. The measure was obviously badly written, dangerous, and unfair.

Before the people voted, a group of "big business men," lawyers, bankers, insurance executives, industrialists and merchants held a meeting to discuss the measure behind closed doors. Those men talked freely and frankly, and obviously were informed. A stenographic report of that conference printed in any newspaper would have defeated that pension measure.

But not a word was ever printed. Instead, that group spent thousands of dollars "defeating the will of the people," in the courts. They incurred the wrath of an uninformed public, and gave the rabble rousers another rock to heave.

The American people are not fools. They know the truth when they hear it. But they do not have, and cannot get, special information from sources they trust unless business men speak out with it.

Business is no longer private. When a firm employs 100 to 10,000 persons, the very bulk of its customers and sources of supply makes it a public business. Yet business men resent the public interest. They never seem to understand that the public has as much rightful, selfish interest in the well-being of any such firm as it has in the condition of the wheat crop. Such a firm means food, clothing and services to every citizen.

In a recent labor strike the entire force of a company walked out at a given signal almost without hinting such an action to the employers. The chief demand of the strikers, or rather their leaders, was for "union" recognition.

A company official admitted the workers could be paid five cents an hour more; that some changes for better working conditions could be made—in fact had been started—but he insisted that the union would not be recognized because the company felt its leaders were not interested in the welfare of the men or their employers—but only in making trouble.

That statement would have gone far to whip that strike. It would have eliminated suffering and privation. It would have removed the support of public opinion from behind the

strikers and their trouble making leaders—if given publicly, instead of "in confidence."

It was private business! Private, even with 600 workers and their families being fed by charity. Private, when a little personal integrity and nerve would have saved a company and a community untold thousands.

Successful business men are being beaten to their knees time and again, carrying the hope of labor and the farmers down with them, because they are afraid. That's the only possible explanation of their failure to assume their obligations as American citizens and directors of business organizations.

Business should speak out

AMERICANS still respect and listen to success. They will listen to business men if business men will give them a chance. But business men won't talk. Instead, they organize associations, hold secret meetings, hire managers, pay attorneys, to do something the business man, individually, could do a thousand times better. Not that there isn't a place for associations and hired experts. There is—for spotting trouble far down the road and preparing ammunition to stop it. But the individual business man should pull the trigger. He has acquired property. He has something to lose. He is responsible—and therefore is some one to listen to.

But business men pull underground strings, spend money—when they should know by this time that a man bribed must be bribed again and again. In fact, the business man seems willing to do almost anything before he will come out publicly and take a position.

The only explanation is fear. Fear of losing a few dollars in business by displeasing some group; fear of political and legislative reprisals; fear of what their competitor down the street may say or do—fear of being a man, an American citizen!

Through fear they save dimes today and lose dollars tomorrow!

Yet these are the men who worry about communism, fascism, socialism, taxes, radicalism, government interference in business, and a million other things for which there is no excuse in our country. There is no room for any of them except for the cowardice of the men to whom America looks for leadership, consciously or unconsciously—leadership of individuals, not organizations of hidden identities.

If government does eventually take charge of all business in America it will be because the business men abdicate in its favor. It will be the fault of the business men themselves.



MERLE
THORPE
writes
...WE HIRE
a COOK and a CONGRESSMAN

ON SALE TUESDAY,
AUGUST 4

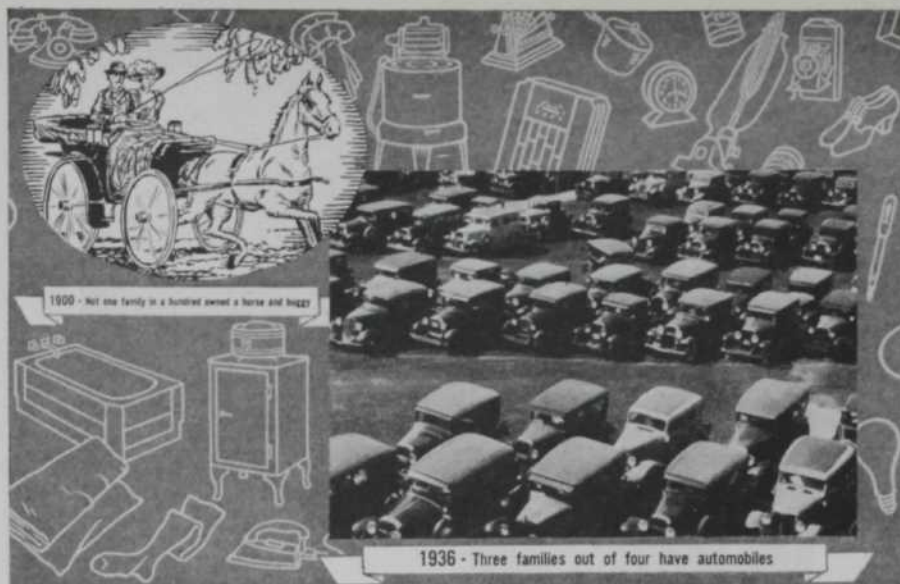


THE editor of NATION'S BUSINESS points out that more time and effort are spent in hiring a \$10-a-week household servant than in employing a \$10,000 public servant. It would not occur to most of us to question a Congressman as we would an applicant for a lesser job. Does he take food out of the public ice-box?... Does he waste people's money to sustain party patronage?... Does he have any good references?

The novel, brilliant way in which the author presents this article and the forceful message that it puts across combine to make it a feature that women and men alike will be talking about everywhere.

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THE SATURDAY
EVENING POST



More Goods for More People

IN 1900, not one family in a hundred owned a horse and buggy; today, three out of four have cars. One family in thirteen had a telephone; now, one family in two. In 1900, modern plumbing and central heating were luxuries—less than 500,000 homes had electricity—radio and electric refrigeration were unknown. Today, 21 million homes are wired; 7 million families own electric refrigerators; 22 million have radio receivers.

In 1921, a MAZDA lamp cost 45 cents; it now costs 15 cents. You receive 80 per cent more light for your dollar because of greatly increased lamp efficiency and a lower average electric rate for the home. General Electric research developed these lower-cost lamps, helped devise more economical ways of generating and distributing electricity—to bring better light to more people at less cost.

Today, electricity is vital to industry, for the manufacture of most goods—from bathtubs to textiles, foods to furnaces—to meet the increasing needs and the purses of millions. In this progress, G-E research and engineering have ever been in the forefront. And still, in the Research Laboratory, in Schenectady, General Electric scientists continue the search for new knowledge—from which come savings, new industries, increased employment, more goods for more people.

G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

GENERAL  ELECTRIC

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Close hauled, sails high and full, in the almost imperceptible swell the white winged sloop carries a bone in her teeth.

Prestige is footing fast. Skipper Harold S. Vanderbilt, at the helm, eyes the set of her sails.

Thus, accurately, might a reporter have written, as *Prestige* neared the finish line for her twenty-fourth victory in twenty-four starts during the racing season of 1935.

Prestige is a Class M Sloop. She was created in 1927 by W. Starling Burgess, famed as the designer of *Enterprise* and *Rainbow*, the two most recent America's Cup Defenders.

Both of these successful Defenders were skippered by Mr. Vanderbilt, owner of *Prestige*. His genius in yacht racing and his thoroughgoing sportsmanship are held in universal regard.

Mr. Vanderbilt first raced *Prestige* in 1931, using a mast of Alcoa Aluminum, designed by W. Starling Burgess and his brother C. P. Burgess, noted engineer.

Again in 1935, after an interim of three years devoted to racing still larger boats, Mr. Vanderbilt returned to Class M competition with *Prestige*. The mast was brought out of unheated storage; it was again stepped in *Prestige* and her unmarred

record of victories against keen competition was begun.

The technically minded reader will quickly recognize that the satisfactory performance of the mast of Alcoa Aluminum, after three years of uncoddled idleness, well proves its original strength not to have diminished.

An estimate of the severity of the service may be gained from the fact that the load of over 50 tons at the base of the mast, when sailing to windward in a fresh blow, is considerably greater than the entire weight of the vessel herself.

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